

there can be any objection to it. Probably it would not take more than 30 minutes to explain it.

Mr. WHITE. Mr. President, I have indicated that I cannot give a definite answer as to whether the Senate will be in session on Saturday, but I think we should sit tomorrow and proceed to the conclusion of the pending measure, if that is possible.

I therefore move that the Senate stand in recess until tomorrow at 12 o'clock noon.

Mr. HICKENLOOPER. Mr. President, will the Senator withhold his motion for a moment?

Mr. WHITE. If I can withdraw the motion, I do so.

Mr. HICKENLOOPER. Will the Senator yield to me?

Mr. WHITE. I yield.

Mr. HICKENLOOPER. So that there may be no misunderstanding, Mr. President, I wish to announce that immediately upon the conclusion of the vote on final passage of the pending unfinished business, I shall ask that the question of the confirmation of the nominees to the Atomic Energy Commission, the General Manager, and members thereof, be made the order of business for consideration by the Senate under whatever terms it may please the Senate, but I should like then to proceed, with reasonable interruption if necessary, along that line. I do not want any silence on my part to indicate acquiescence in any other line of procedure.

RECESS

Mr. WHITE. Mr. President, I renew my motion that the Senate now stand in recess until tomorrow at 12 o'clock noon.

The motion was agreed to; and (at 5 o'clock and 17 minutes p. m.) the Senate took a recess until tomorrow, Friday, March 21, 1947, at 12 o'clock meridian.

NOMINATION

Executive nomination received by the Senate March 20 (legislative day of February 19), 1947:

COLLECTOR OF INTERNAL REVENUE

James M. Alsop, of Honolulu, T. H., to be collector of internal revenue for the district of Hawaii, to fill an existing vacancy.

WITHDRAWAL

Executive nomination withdrawn from the Senate March 20 (legislative day of February 19), 1947:

COLLECTOR OF INTERNAL REVENUE

Herbert E. Arnold to be collector of internal revenue for the district of Texas.

HOUSE OF REPRESENTATIVES

THURSDAY, MARCH 20, 1947

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Father, in this sacred hour we praise Thee that Thy boundless mercy is the sunlight of our existence, and Thy love which mantles through its folds can never perish. We give Thee thanks, O Lord, for the open door of Thy blessings,

for the heritage of home and church and school, for the character they mold, which is destiny.

O Thou who dost bestow Thy loving kindness in the daytime and Thy song in the night, keep before us the responsibilities which our duties impose. As we begin our labors, O double our diligence and give strength and courage to our arm, that we may break any spell of lesser loyalties, ignoring every fragmentary impulse and vagrant ambition that hinders the sovereignty of right. In the midst of all that perplexes and saddens, we are humbly grateful to live in this day, to take our place and sound the voice that heralds the advent of a new era for our country and the world.

"America, America, God mend thine every flaw.

Confirm thy soul in self-control, thy liberty in law."

In our dear Redeemer's name. Amen.

The Journal of the proceedings of Tuesday, March 18, 1947, was read and approved.

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Miller, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills of the House of the following titles:

On March 10, 1947:

H. R. 1040. An act to authorize the payment of \$425.88 by the United States to the Government of Switzerland;

H. R. 1778. An act to amend the Federal Firearms Act; and

H. R. 2045. An act to amend the Federal Food, Drug, and Cosmetic Act of June 25, 1938, as amended, by providing for the certification of batches of drugs composed wholly or partly of any kind of streptomycin, or any derivatives thereof, and for other purposes.

On March 11, 1947:

H. R. 1030. An act to continue in effect certain war excise tax rates, and for other purposes.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed a joint resolution of the following title, in which the concurrence of the House is requested:

S. J. Res. 27. Joint resolution amending the Settlement of Mexican Claims Act of 1942 to provide for the consideration of any claim decided by the General Claims Commission in which the United States filed a petition for rehearing.

The message also announced that the President pro tempore has appointed Mr. LANGER and Mr. CHAVEZ members of the joint select committee on the part of the Senate, as provided for in the act of August 5, 1939, entitled "An act to provide for the disposition of certain records of the United States Government," for the disposition of executive papers in the following departments and agencies:

1. Department of Agriculture.
2. Department of Labor.
3. Department of the Navy.
4. Department of the Treasury.
5. Department of War.
6. Federal Security Agency.
7. Federal Works Agency.
8. General Accounting Office.
9. Railroad Retirement Board.

EXTENSION OF REMARKS

Mr. BELL. Mr. Speaker, I ask unanimous consent to insert in the RECORD the transcript of a speech delivered by President Roxas in Manila on March 7, 1947. I have an estimate from the Public Printer that the speech, together with a clipping I desire to insert, will cost about \$355. Notwithstanding this fact, I ask unanimous consent to revise and extend my remarks and to include therein the speech by President Roxas, together with the clipping I mentioned.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. BLAND (at the request of Mr. DREWRY) was given permission to extend his remarks in the RECORD and include a speech by Hon. John L. Sullivan, Under Secretary of the Navy, at the launching of the cruiser *Newport News*.

Mr. RUSSELL asked and was given permission to extend his remarks in the Appendix of the RECORD and include a statement by John A. Church.

Mr. KEATING asked and was given permission to extend his remarks in the Appendix of the RECORD and include an editorial comment by Arthur Krock in yesterday's New York Times.

Mr. MILLER of Maryland asked and was given permission to extend his remarks in the RECORD.

Mr. MATHEWS asked and was given permission to extend his remarks in the RECORD and include a statement made by certain employees in an industrial plant in his district.

Mr. VAN ZANDT asked and was given permission to extend his remarks in the RECORD in connection with a correction of the list of war veterans of the Eightieth Congress.

Mr. CANFIELD asked and was given permission to extend his remarks in the RECORD and include two editorials.

Mr. PHILLIPS of California. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include certain recommendations by the League for the American Home. I am convinced that this will exceed the authorized limit, but I ask that it be printed notwithstanding that fact.

The SPEAKER. Without objection, notwithstanding the cost, the extension may be made.

There was no objection.

Mr. KEFAUVER asked and was given permission to extend his remarks in the RECORD and include excerpts from a letter.

Mr. LANE asked and was given permission to extend his remarks in the RECORD in three instances; to include in one an address delivered by the Rt. Rev. Msgr. Fulton J. Sheen; in one to include an article appearing in the Christian Science Monitor; and in the other to extend his remarks on a bill he is filing today.

Mr. ROBERTSON asked and was given permission to extend his remarks in the RECORD and include an article appearing in the New York Times.

Mr. THOMAS of New Jersey asked and was given permission to extend his remarks in the RECORD in two instances; to include in one an editorial appearing in a New Jersey newspaper, and in

the other a short poem appearing in a New Jersey newspaper.

Mr. LATHAM asked and was given permission to extend his remarks in the RECORD in two instances and to include newspaper articles in each.

Mr. HAYS asked and was given permission to extend his remarks in the RECORD.

Mr. THOMAS of Texas asked and was given permission to extend his remarks in the RECORD and include a letter.

Mr. EVINS asked and was given permission to extend his remarks in the RECORD and include an article by Commander James G. Stahlman appearing in the National Banner on March 17 under the heading "From the Shoulder."

SPECIAL ORDERS TRANSFERRED

Mr. PHILLIPS of California. Mr. Speaker, I ask unanimous consent to have vacated the 30-minute special order granted me this afternoon and reserve it for next Thursday afternoon, following any special orders heretofore entered.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HORAN. Mr. Speaker, on Tuesday, by unanimous consent, a special order was granted me for 1 hour. I would like to renew that request because I was not able to use it, so I ask unanimous consent that following any special orders heretofore entered I may be permitted to address the House for 1 hour today.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

SPECIAL ORDER GRANTED

Mr. KEFAUVER. Mr. Speaker, I ask unanimous consent that on Tuesday next, at the conclusion of the legislative program of the day and following any special orders heretofore entered, I may be permitted to address the House for 15 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

"PLEASE, GOD, SILENCE THE SCHEMING AND THE STUPID"

Mr. ELLIS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. ELLIS. Mr. Speaker, on Tuesday the newspapers carried a statement that the body of a prominent citizen of this city was found on a golf course in the District.

According to the authorities, death was caused by the victim's own hand. His associates recall that he had been deeply affected by the death of his only son who had been killed in action in Italy on April 30, 1945.

A death on the battlefield leaves more than one corpse. One is the mangled body of a soldier, and the others, the

crushed and broken hearts of a mother and father.

Under the glass top of the desk in his office the father kept a prayer taken from his son's diary, reading:

Please, God, silence the scheming and the stupid in our Government and let the honest and the strong lead us to light.

Otherwise, we fight in vain. If we cannot correct ourselves, how can we lead others from their chaos?

This prayer was from a boy, Morgan J. Quinn, 22 years of age, a graduate of Notre Dame University.

Today, our hearts and sympathy go out to a wife and mother who is stricken with grief.

It is always good to pray but at this hour this prayer has a special significance, and I would like to repeat it again:

Please, God, silence the scheming and the stupid in our Government and let the honest and the strong lead us to light.

Otherwise, we fight in vain. If we cannot correct ourselves, how can we lead others from their chaos?

And I will add:

"Please, God, deliver us from the stupidity and scheming of those in our Government who would again engulf the world in war."

THE WILLIAM P. CONNERY, JUNIOR, MEMORIAL HOSPITAL

Mr. LANE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. LANE. Mr. Speaker, many of you in this session of the Congress fondly remember that dynamic figure with the keen mind and brilliant wit, my predecessor in office from the Seventh Massachusetts District, the late Honorable William P. Connery, Jr.

In the long and successful period during which he served as a Member of this House, from 1923 until 1937, Billy Connery, as he was affectionately known, was outstanding in his service to the veterans. Consistently, from his first term till his last, when, worn out by his labors, he was suddenly taken from us, Billy Connery was a member of the Committee on World War Veterans' Legislation. His aggressive interest in their behalf is reflected in the numerous bills he introduced which later became law.

Although it is not the customary procedure to do so, I believe that in this case we should make an exception and dedicate a veterans' hospital to his name. Billy Connery was a veteran in war, promoted for meritorious service on the field of battle with the Twenty-sixth "Yankee" Division in World War I. He was also a veteran in peace, fighting with all the resources of his heart and mind to see that a grateful Nation did not forget its disabled fighting men.

Billy Connery was worn out by that struggle at the age of 49.

To perpetuate the memory of his high character of service in behalf of our ex-soldiers and sailors, I have introduced a

bill to name the Veterans' Administration facility at West Roxbury, Mass., the William P. Connery, Junior, Memorial Veterans' Hospital.

This is the largest hospital of its kind in Massachusetts. For many years to come it will be ministering to the needs of those who were broken in the fight to save all that we hold dear.

It is, therefore, appropriate for this House to approve the bill which will dedicate this hospital to the memory of William P. Connery, Jr., the veterans' comrade, friend, and champion.

EXTENSION OF REMARKS

Mr. LARCADE asked and was given permission to extend his remarks in the RECORD in two instances and in each include copies of editorials and newspaper articles.

Mr. ALBERT asked and was given permission to extend his remarks in the RECORD and include a copy of a bill he introduced.

Mr. GARY asked and was given permission to extend his remarks in the RECORD and include an editorial from the Richmond News-Leader.

Mr. MILLER of Nebraska asked and was given permission to extend his remarks in the RECORD and include a letter from Senator Callan, chairman of the committee on the budget of the Nebraska Legislature.

Mr. GIFFORD. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix of the RECORD by inserting an interesting and historic item on my famous city of New Bedford.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. McDONOUGH asked and was given permission to extend his remarks in the RECORD and include a resolution adopted by the Board of Supervisors of Los Angeles County.

Mr. MUNDT. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include an analysis I have made of the five alternatives now confronting America at this cross road in the history of our foreign policy.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. CASE of South Dakota asked and was given permission to extend his remarks in the RECORD.

HAVE WE NOT HAD ENOUGH OF WAR?

Mr. MORRIS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. MORRIS. Mr. Speaker, in some instances we were forced into it, but nevertheless, the record is: We have warred with Germany and Japan, with England and with Spain, with Mexico and with the Indians, and we have even warred among ourselves during the Civil War. Have not we had enough of war?

Cannot we realize that our school system is about to break down; that our old-age-assistance program is in a deplorable condition; that our public debt is almost too heavy to bear?

Let us not send any troops to Greece and Turkey. Let us rededicate ourselves to the United Nations. Let us get down to the proposition of trying to make democracy work in this country.

I wonder what the other nations of the world are thinking of us? "Oh, would some power the gift give us to see ourselves as others see us. It would from many a blunder free us and foolish notion."

SUGAR SUPPLY

Mr. JONKMAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. JONKMAN. Mr. Speaker, a telegram was relayed to me this morning from Bache & Co., dated March 14, 1947:

PREDICT LARGER 1947 CUBAN SUGAR CROP

HABANA.—In view of conflicting reports regarding the size of the present crop, the Cuban sugar exporting firms have made a survey and have received answers from over 97 percent of producers. This has resulted in a new estimate of 6,137,000 short tons against 1946 production of 4,475,829 short tons.

After deducting the 738,000 short tons destined for local consumption and other countries, it leaves an excess of about 650,000 short tons over and above the 4,752,000 which the International Emergency Food Council allocated as the probable Cuban 1947 supply.

BACHE & CO.

I think the sugar agencies had better get busy and increase the rations for sugar, because it will not be very long before we will be in another canning season and the people need this sugar to use for canning. If I remember correctly, the IEFC allotted 3,150,000 tons of Cuban sugar to the United States a few months ago. OPA has already intimated that this would increase the sugar ration for household use but not for canning. This windfall of 650,000 tons will allow a substantial ration to the long-suffering housewives for that purpose. OPA or its successors should not go to sleep with this sugar in warehouses, or they will hear from these women next fall.

WORDS SPOKEN IN DEBATE

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, on last Monday when I was off the floor the Member from Illinois [Mr. SABATH] attacked me on this floor in the most stupid, asinine, and false statement I have ever seen inserted in the CONGRESSIONAL RECORD. I had made a speech in which I had pointed out—

Mr. SABATH. Mr. Speaker, a point of order.

The SPEAKER. The gentleman will state it.

Mr. SABATH. The gentleman is not in order when he attacks me and charges that I falsely quoted him. I have followed closely what the gentleman has said on the floor and regretted that such things should have been said by him.

The SPEAKER. The gentleman will proceed in order.

Mr. RANKIN. May I be heard on the point of order? I think the question ought to be settled at this time.

The SPEAKER. The Chair will hear the gentleman.

Mr. RANKIN. When a man gets on the floor and makes a false statement it is in order for another Member to denounce it as false. We had this matter before the House once, in a row between Mr. James F. Byrnes, of South Carolina, and Mr. Fordney, of Michigan. One of them had said the other one had made a false statement. At that time we had in the House a great parliamentary authority, the gentleman from Illinois, Mr. Mann, the best parliamentarian I ever saw. He pointed out that it was in order to denounce as false an untrue statement made by another Member.

Mr. SABATH. Mr. Speaker—

Mr. RANKIN. I am talking on the point of order.

Mr. SABATH. There is nothing in the RECORD that I said that the gentleman has made a false statement. I deny that statement.

Mr. RANKIN. He made the false statement himself in his attack on me.

CALL OF THE HOUSE

Mr. HOFFMAN. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. The Chair will count. [After counting.] One hundred and eighteen Members are present, not a quorum.

Mr. MICHENER. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 22]

Allen, Calif.	Gerlach	Morrison
Allen, Ill.	Gregory	Norton
Bates, Mass.	Hartley	O'Toole
Bland	Hendricks	Patman
Bradley, Mich.	Holifield	Peterson
Buckley	Hull	Pfeiffer
Bulwinkle	Johnson, Calif.	Powell
Byrne, N. Y.	Johnson, Tex.	Rabin
Celler	Kelley	Rayfield
Clements	Keogh	Short
Cravens	Kilday	Simpson, Pa.
Crawford	Kirwan	Sundstrom
Curtis	Landis	Taber
Dawson, Ill.	Macy	Taylor
Dondero	Mahon	Vail
Felghan	Mansfield, Tex.	Vinson
Fletcher	Marcantonio	Vursell
Fuller	Mason	Wigglesworth
Gallagher	Meade, Ky.	

The SPEAKER. On this roll call 373 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

WORDS SPOKEN IN DEBATE

The SPEAKER. At the time the point of order of no quorum was made the gentleman from Mississippi was addressing

the House. The gentleman will proceed in order.

Mr. RANKIN. Mr. Speaker, I rise to a question of personal privilege.

The SPEAKER. The gentleman will state it.

Mr. RANKIN. Mr. Speaker, on last Monday, March 17, I made a 1-minute speech on the floor of the House, and I am going to read that 1-minute speech as a preliminary to my remarks:

A CHALLENGE TO COMMUNISM

Mr. RANKIN. Mr. Speaker, if we are going to challenge the spread of communism in Greece and Turkey, we had better make it a full-dress affair and challenge it all along the line beginning here on Capitol Hill.

We should begin in the House Office Building, the Senate Office Building, the Supreme Court Building, and the Library of Congress, and go on down to the War Department and the Navy Department, and all other branches of this Government—and especially the Justice Department, where a certain bunch of Reds or "pinks" have spent years persecuting the white gentiles of this country—and especially the white people of the Southern States.

In addition, Mr. Speaker, if we are going to challenge communism in Europe, let us go to western Europe and start in Poland and Germany, and put a stop to certain elements persecuting those people who are now unable to defend themselves. Let us make peace with the German people and line them up on our side, if we are going into this battle royal throughout the world.

Then we will have a force that can help us if the worst comes to the worst and we have to sustain our contention at the point of the bayonet.

At that point the gavel fell.

Mr. Speaker, you will note in that 1-minute speech I merely mentioned the German people. I thought all intelligent people knew that Hitler was dead and his military machine shot to pieces.

But later in the day when I was not on the floor the Member from Illinois [Mr. SABATH] arose and, according to the RECORD, some of which was written in with pencil, he attacked me in a manner that violates every rule that I know. And, as I said a while ago, he made false statements that I cannot let go into the RECORD without my protest.

He is quoted as saying:

The gentleman from Mississippi [Mr. RANKIN] has let the cat out of the bag when today on this floor he proposed that we join with the German Nazis to destroy communism and all the Communists the world over.

Everybody knows I never made any such statement.

He goes on to say:

I always suspected that he followed the teachings of Hitler, and that his views and his Red scares were identical with these Nazis who cost the world 20,000,000 lives and such suffering and agony and destruction as many generations shall not erase. Today's statement confirms my suspicion.

Mr. Speaker, if a man can make a more insulting, false statement about another Member on the floor of this House, I do not know how it could be done.

He goes on to attack me further and to attack the Committee on Un-American Activities because we have striven for years to turn the pitiless sunlight of merciless publicity on the subversive elements of this country who are trying to

destroy America and American institutions.

Mr. SABATH. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. No; I will not.

No, Mr. Speaker, just such stuff as that, just such statements as that about Members of Congress attacking their integrity and their patriotism, poured into this RECORD by men who would not dare face you on the street and make such a statement, is an insult to this House and ought to be stricken from the RECORD.

Mr. Speaker, I make that as my point of personal privilege. If it is not in order, I shall not take up the time of the House with any motion today.

The SPEAKER. The Chair is ready to rule. The gentleman has not stated a question of personal privilege. The rules provide that strictures in debate do not give rise to a question of privilege, but are properly contravened by a demand that the words be taken down.

It is too late to make the demand that the words in question be taken down after business has intervened. It is plainly indicated that what transpired was in debate and the remedy of the gentleman from Mississippi at that time was to demand that the words be taken down.

The gentleman from Mississippi (Mr. RANKIN) has 45 seconds remaining under permission granted him to address the House for 1 minute.

Mr. RANKIN. This stuff in the RECORD is not only false and loathsome but look what he says:

I know that you will not be misled by the gentleman's ambitions to join forces with our enemies simply for the purpose of accomplishing the annihilation of some people who are opposed to unfair, dishonest, unrepresentative, yes, crooked government and corrupt imperialistic regimes.

He would have you believe the Communists are opposed to "corrupt imperialistic regimes." That is what they call the United States.

I presume he is also referring to the British Empire and to the Greek Empire.

Mr. Speaker, I cannot say what I want to say because I would violate the rules of the House—but I would like to say what every decent man in the House thinks—for a man to get on the floor and make that kind of a statement which does not have a word of truth in it, but which is as false a statement as can be made, and let it stay in the RECORD, the time may come when we may have to expel such Members for that kind of practice.

The SPEAKER. The time of the gentleman from Mississippi has expired.

SPECIAL ORDER GRANTED

Mr. DIRKSEN. Mr. Speaker, I ask unanimous consent that on Monday next, after the disposition of business on the Speaker's desk and the conclusion of special orders heretofore granted, I may address the House for 30 minutes to discuss the President's message.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

COMMITTEE ON PUBLIC LANDS

Mr. WELCH. Mr. Speaker, I ask unanimous consent that the Committee on Public Lands be permitted to sit this afternoon during general debate.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

EXTENSION OF REMARKS

Mr. DINGELL asked and was given permission to extend his remarks in the RECORD with regard to the arrest of the 18 American merchant seamen in Palestine.

Mr. McCORMACK asked and was given permission to extend his remarks in the RECORD and include a radio speech recently made by the Prime Minister of Eire.

Mr. McGARVEY asked and was given permission to extend his remarks in the RECORD and include a resolution of the Philadelphia Archdiocesan Holy Name Union on March 2, 1947.

COMMITTEE ON FOREIGN AFFAIRS

Mr. EATON. Mr. Speaker, I ask unanimous consent that the Committee on Foreign Affairs may meet this afternoon for a few minutes during general debate.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

EXTENSION OF REMARKS

Mr. COLE of New York asked and was given permission to extend his remarks in the RECORD and include a letter he received from a constituent.

SPECIAL ORDER VACATED

Mr. AUGUST H. ANDRESEN. Mr. Speaker, I ask unanimous consent that a special order granted to me for today be vacated.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

REFERENCE OF A RESOLUTION

Mr. McDONOUGH. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary be discharged from further consideration of House Resolution 99 and that the same be referred to the Committee on Un-American Activities.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

SPECIAL ORDERS GRANTED

Mr. BENDER. Mr. Speaker, I ask unanimous consent that at the conclusion of the legislative business and any other special orders today I may address the House for 15 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. BOGGS of Louisiana. Mr. Speaker, I ask unanimous consent that at the conclusion of the legislative business and any other special orders tomorrow I may address the House for 30 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

EXTENSION OF REMARKS

Mr. KERSTEN of Wisconsin (at the request of Mr. BYRNES of Wisconsin) was granted permission to extend his remarks in the RECORD in two instances and include certain extraneous matter.

Mr. BENDER asked and was granted permission to extend his remarks in the RECORD.

Mr. SADLAK asked and was granted permission to extend his remarks in the RECORD and include an editorial.

Mrs. SMITH of Maine asked and was granted permission to extend her remarks in the RECORD and include an editorial.

Mr. MILLER of Connecticut asked and was granted permission to extend his remarks in the RECORD and include an editorial from the Hartford Courant.

Mrs. DOUGLAS asked and was granted permission to extend her remarks in the RECORD in five instances and include certain excerpts.

Mr. PRICE of Illinois asked and was granted permission to extend his remarks in the RECORD and include a certain letter.

Mr. DINGELL asked and was granted permission to extend his remarks in the RECORD and include a brief letter appearing in the Washington Star of March 7.

Mr. MURDOCK asked and was granted permission to extend his remarks in the RECORD on pending legislation.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—CONTROL OF EXPORTS (S. DOC. NO. 19)

The SPEAKER laid before the House the following message from the President of the United States which was read by the Clerk and referred to the Committee on Armed Services and ordered to be printed:

To the Congress of the United States:

In my message to the Congress on January 31, 1947, concerning the extension of specified parts of the Second War Powers Act, I stated that it was desirable to delay any communication on the subject of the control of this country's exports until it became clear whether or not an extension of such controls would be necessary beyond June 30, 1947.

Further review of domestic and world supplies has now convinced me that this Government must continue its control over the export of products in critically short supply here and abroad, in order to protect the economy of the United States as well as to discharge our international responsibilities. The situation, although essentially temporary in character, will certainly remain acute for some time to come.

As a result of the war many nations have been stripped of essential supplies and their productive capacity has been curtailed. Foreign demands for these supplies are therefore extremely large. Prices of many commodities in other countries are far above present levels in the United States. Uncontrolled exports of food products would result in a

marked increase in the already substantial burden of living costs borne by the American people. Unlimited export of feeds, seeds, and fertilizers would make extremely difficult the achievement of the food-production goals which we have asked American farmers to meet and would increase the cost of production of farm products.

This country is the great undamaged center of industrial production to which the whole world looks for materials of every kind. Our steel, lumber, building materials, industrial chemicals and many other basic industrial commodities are sought throughout the world. Shortages of many of these commodities restrict our own domestic production of other essential products. Unrestricted export would inevitably limit the level of our own industrial production and employment. Furthermore, there are instances in which we wish to direct exports to those countries which produce commodities essential to our own economy. Thus, limited amounts of equipment have been directed to certain countries to increase the production of tin, hard fibers, sugar, and fats and oils.

Serious as would be the effect of unlimited and completely undirected exports upon a nation still troubled by many shortages, our domestic problems are not the only ones which lead me to urge upon the Congress a further extension of export controls. The United States has become a nation with world-wide responsibilities. During a period of world shortages, the distribution of this country's exports has serious international significance. If we retain the ability to channel commercial exports of critically scarce materials, we can permit export of these products to countries whose need is greatest while still protecting the United States from excessive export drains. Our international responsibilities cannot be fulfilled without this machinery. In its absence, foreign purchasing would tend to be concentrated on those commodities in greatest world shortage. Not only would our domestic supply and price structure be seriously affected, but the commodities would go to destinations where the need is comparatively less pressing.

Furthermore, we have granted loans and other monetary aid to nations whose existence must be preserved. These loans will accomplish their purpose only if the recipient nations are able to obtain critically needed supplies from this country. Export control is an important instrument in carrying out the purpose of these loan programs.

The record clearly shows that this authority over exports has been exercised in the past only with respect to those commodities in critically short supply and that, as rapidly as the supply situation has improved, commodities have been removed from control. The list of items subject to export control has been reduced from a wartime peak of over 3,000 to approximately 725 on October 1, 1946, and approximately 500 at the present time. We will continue to remove export controls as rapidly as the supply situation permits. I look forward to the day when the United States and other countries can remove these interferences

to the free flow of commodities in world trade. But the danger of immediate and complete decontrol in the face of continuing domestic and world scarcities is too great for this Nation to undertake at this time.

I, therefore, recommended that the authority derived from the Export Control Act be extended for a period of one year beyond its present expiration date, June 30, 1947. It is essential that this extension be made well in advance of this date. Delay would prove unsettling to business and would handicap the planning and execution of our food and other export programs. Effective administration of the export control orders requires the assurance of continuity in operations. I urge upon the Congress prompt action in extending this authority.

HARRY S. TRUMAN.

THE WHITE HOUSE, March 19, 1947.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—ANNUAL REPORT OF THE GOVERNOR OF THE PANAMA CANAL

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, together with the accompanying papers, referred to the Committee on Merchant Marine and Fisheries:

To the Congress of the United States:

I transmit herewith, for the information of the Congress, the Annual Report of the Governor of the Panama Canal for the fiscal year ended June 30, 1946.

HARRY S. TRUMAN.

THE WHITE HOUSE, March 20, 1947.

PROCUREMENT OF SUPPLIES AND SERVICES BY THE WAR AND NAVY DEPARTMENTS

Mr. CHENOWETH. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 146 and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 1366) to facilitate procurement of supplies and services by the War and Navy Departments, and for other purposes. That after general debate, which shall be confined to the bill and shall not exceed 3 hours, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Armed Services, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. CHENOWETH. Mr. Speaker, I yield 30 minutes to the gentleman from Illinois on the rule and yield myself such time as I may require.

The SPEAKER. The gentleman from Colorado is recognized.

Mr. CHENOWETH. Mr. Speaker, the adoption of House Resolution 146 will make in order the consideration of H. R. 1366, which is a bill to facilitate the pro-

curement of supplies and services by the War and Navy Departments, and for other purposes. This is an open rule providing for 3 hours of general debate, to be confined to the bill, the time to be equally divided and controlled by the chairman and ranking minority member of the Committee on Armed Services.

Mr. Speaker, this is a very important measure. It involves the procedure for spending hundreds of millions of dollars each year by the War and Navy Departments.

The bill made in order by this rule provides for a uniform purchase authority for the Army and Navy, and further provides that the War and Navy Departments shall make all purchases of supplies and services on the basis of competitive bids except in certain instances where this method would not be to the best interest of the Government or the public. Exceptions to the advertising-competitor bid method are specifically set forth in the bill.

Mr. Speaker, I wish to be frank and honest with the House and must state that this bill was not reported out of the Rules Committee unanimously. During the presentation of the bill before our committee there was some criticism of this legislation, and the fear was expressed that possibly Congress was going too far in continuing some of these emergency powers of the Army and Navy. We were assured, however, that this measure will bring about more efficiency in the procurement of our supplies, and will result in great savings to the taxpayers of this country.

The bill, H. R. 1366, continues and extends into our peacetime economy certain powers and authority which were granted the War Department and Navy Department during the period of the war and which expedite the procurement of supplies during that period. This bill revises the procedure for the purchase of supplies amounting to huge sums each year. I mention this so that the House may be fully advised of the importance of the measure you are about to consider.

This bill would also give small-business concerns a fair opportunity to sell to the armed services by providing that supplies and services should be bought in reasonably small lots by the Army and Navy. Not only does this provision help small business, but it also helps the Government. There is definitely greater security in a national emergency to have a larger number of small suppliers, spread over a wide geographical area, than to rely upon a few large suppliers in concentrated centers. By allowing a larger number of small businessmen in all parts of the country to sell to the services, the Army and Navy will become acquainted with the abilities of small producers and will grow more and more to rely upon them for an increasing amount of their supplies. This provision will also give small businessmen an opportunity to learn the procedure by which the Government purchases its requirement.

This measure has the support of the War and the Navy Departments, and it was unanimously reported by the Committee on Armed Services. The bill is rather technical in nature, as it affects

so much existing legislation regarding procurement procedure.

I understand this legislation has the full support of both the Army and Navy and comes to the House with the unanimous approval of the Committee on Armed Services.

I will not enter into a further discussion of the bill at this time. The chairman of the subcommittee of the Committee on Armed Services, which handled this bill, the gentleman from California [Mr. ANDERSON], will explain the measure in detail, and I am sure other members of the committee will give the House full and complete information concerning this measure and the reasons why it should be passed at this time.

Mr. Speaker, I reserve the balance of my time.

WILL NOT DIGNIFY ATTACKS BY ANSWER—RULE ON SUPPLY BILL

Mr. SABATH. Mr. Speaker, I am not going to take up the time of the House to dignify the name calling by the gentleman from Mississippi [Mr. RANKIN] by noticing it. Feeling that it is the desire and aim of the majority to finish the consideration of the bill today, I will desist from answering the unfair, unwarranted, unjustifiable, and wild intemperate statement that the gentleman from Mississippi has made about me. I would appreciate, however, that the membership read his statement appearing on page 2142 of the CONGRESSIONAL RECORD of Monday, March 17, 1947.

Mr. Speaker, as to the rule before us: It provides for 3 hours of general debate, after which the bill will be read for amendment under the 5-minute rule. A great deal of time will be consumed in such consideration. I am hopeful that we can finish with the bill today, and I shall take no more time than necessary.

THIS BILL MAY BLOCK ARMY-NAVY MERGER

As my colleague the gentleman from Colorado [Mr. CHENOWETH] has already explained, the bill aims to facilitate the procurement of supplies and services by the War and Navy Departments. It is an important bill; but I fear that the main aim of the bill is to stop the consideration and adoption of a measure in which I believe most of us are deeply interested, namely, the bill to merge the Army and the Navy.

During the hearings before the Committee on Rules my versatile friend the gentleman from Georgia [Mr. VINSON], the former chairman of the Committee on Naval Affairs, stated that he has a bill that he feels will bring about what is contemplated by this bill. I urge that that bill, as well as the merger bill, be embodied in one bill and that we make one bite of it.

ADVOCATES SINGLE PURCHASING PLAN

I believe in the merger. I believe we should bring about unification of purchasing by the Army and the Navy. We all know the tremendous cost caused by lack of unified service during the war. The records and the evidence disclose that we could have saved millions upon millions of dollars had that been done.

I am for economy, and I hope that you all are. Consequently, I feel that we

should not do anything that would preclude the passage of the merger bill. By a merger we could bring about real economy.

TEXT OF VINSON BILL

In that connection, Mr. Speaker, and so gentlemen will know of what I speak, I insert at this point the text of the Vinson bill, H. R. 2006:

Be it enacted, etc., That it is the sense of the Congress that many commodities used by both the Army and the Navy should be purchased or acquired by joint procurement in the interest of economy and standardization.

Sec. 2. There is hereby established an independent agency of the Government to be known as the Joint Army and Navy Procurement Board, hereinafter referred to as the "Board." The Board shall consist of five members, one of whom shall be a civilian, two of whom shall be officers of the Army, and two of whom shall be officers of the Navy. The civilian member of the Board, who shall be the Chairman thereof, shall be appointed by the President, by and with the advice and consent of the Senate, for a term of 6 years and shall receive compensation at the rate of \$15,000 per annum. The members of the Board who are officers of the Army shall be assigned to duty as members of the Board by the Secretary of War and shall serve as members of the Board during the pleasure of the Secretary of War. The members of the Board who are officers of the Navy shall be assigned to duty as members of the Board by the Secretary of the Navy and shall serve as members of the Board during the pleasure of the Secretary of the Navy.

Sec. 3. (a) It shall be the function of the Board to purchase or procure, under rules and regulations to be prepared and published by the Board, all petroleum and petroleum products, all materials for the construction of buildings, all textiles, all clothing and shoes, all drugs and medical and surgical supplies, all food and subsistence stores, all ammunition, all small arms, all real estate and interests in land, all motor-propelled vehicles having a commercial chassis, all tires, all critical materials for reserve stocks, all furniture, and all office supplies and stationery which are to be used by either or both the Military and/or the Naval Establishments. The Board shall be the sole purchasing agency of the commodities named in this section which are to be used by either or both the Military and/or the Naval Establishments.

(b) The commodities named in this section shall be purchased or procured by the Board upon requisition by the Secretary of War or the Secretary of the Navy and shall be allocated and made available by the Board to the Secretary who makes requisitions. The cost of commodities purchased or procured upon requisition of the Secretary of War and made available to him by the Board shall be charged to appropriations made for the Military Establishment. The cost of commodities purchased or procured upon requisition of the Secretary of the Navy and made available to him by the Board shall be charged to appropriations made for the Naval Establishment.

(c) The commodities named in this section which are now procured through the Procurement Division of the Treasury Department by or in pursuance of law shall be continued to be so procured, and commodities procurable from manufacturing establishments owned and operated by the War and Navy Departments shall be procured from such establishments to the extent the Board shall determine to be in the public interests and such determination by the Board may be waived or modified only by the President.

Sec. 4. (a) The Board is authorized to appoint and fix the compensation of such ci-

villian personnel as may be necessary to perform its functions. Such appointments shall be made and such compensation shall be fixed in accordance with the provisions of the civil-service laws and the Classifications Act of 1923, as amended.

(b) The Secretary of War and the Secretary of the Navy are authorized to assign to duty with the Board, in addition to the members thereof, such personnel, both military and civilian, of the War and Navy Departments as the Chairman of the Board may request and the needs of the respective services may permit. The assignment of military, naval, or Marine Corps personnel to duty with the Board either as members thereof or in any other capacity shall be without prejudice to the status, rank, grade, rights, or privileges of such personnel in the services of which they are members, and they shall be paid while on duty with the Board from appropriations made to the services of which they are members.

Sec. 5. Within 60 days from the date of taking the oath of office by the civilian member of the Board, the Board shall report to the Congress rules and regulations prepared and published for the purchase or procurement of the commodities named in section 3 of this act shall be published in the Federal Register.

Sec. 6. No provision of this act shall be construed as preventing, limiting, or restricting joint purchase or procurement by agencies other than the Board of products or commodities other than those named in section 3 of this act, or as preventing purchase or procurement by the Board at the request of the Secretary of War and/or the Secretary of the Navy of products or commodities other than those named in section 3 of this act.

Sec. 7. There is authorized to be appropriated such sums as may be necessary to effectuate the provisions of this act.

SINGLE PROCUREMENT AGENCY CAN SAVE MILLIONS

The reason I favor adoption of the merger bill and the Vinson bill is, as I have said, that a single procurement agency can avoid duplication of effort and simplify and economize, and the expenses of the Military Establishments can be coordinated and restricted and bring about the elimination of such reckless expenditures as we had during the war.

I realize that during the war speed in procurement of arms and supplies and equipment was of paramount importance; even then, however, because of lack of standardization and uniformity and of single direction many manufacturers took advantage of the Government.

Proof of the recklessness of some of the contracts and expenditures lies in the report that by the adoption of the renegotiation act we made it possible to recover \$6,740,673,000 on War Department contracts alone. Of course, much of this would have been rewon by income and excess profits tax; but remember that we scuttled the excess profits tax law, and consequently without the renegotiation act the people would have been out at least one-half of that saving of almost \$7,000,000,000.

SAVINGS IN OTHER AGENCIES PROPORTIONATE

I regret that I do not now have at hand figures showing the recoveries under renegotiation by other agencies, such as the Navy Department, War Shipping Administration, and Maritime Commission; I am sure they would be proportionate and substantial.

It seems to me that in peacetime we should place definite restrictions on expenditures by the Military Establishments.

I had hoped that all contracts would be let by competitive bids, except where national security considerations of genuine urgency dictated the necessity of secrecy and of contracts on a negotiated basis.

DEPARTMENT GIVEN FREE HAND

I have regretted to discover, however, that this bill virtually gives the Department a free hand by making the following 14 exceptions which permit private and secret negotiations practically on a wartime basis, such as I have repeatedly opposed and condemned on this floor.

First. If determined necessary in public interest during the period of a national emergency declared by President.

Second. If public exigency will not admit of the delay incident to advertising.

Third. If aggregate amount of contract does not exceed \$1,000.

Fourth. If for personal or professional services.

Fifth. If supplies or services are to be procured or used outside of the United States.

Sixth. If for medicine or medical supplies.

Seventh. If for supplies purchased for authorized resale.

Eighth. If for perishable subsistence supplies or services for which it is impracticable to secure competition.

Ninth. If the agency head determines that the purchase of contract is for experimental, developmental, or research work. Report to be made to Congress every 6 months citing name of contractor, amount of contract, description of work, with due consideration to national security.

Tenth. If agency head determines that character or ingredients are such that the purchase or contract should not be publicly disclosed.

Eleventh. For technical equipment which agency head determines the procurement is necessary without advertising in order to assure standardization, interchangeability of parts, and so forth.

Twelfth. For supplies or services which agency head determines that advertising and competitive bidding would not secure of a quality shown to be necessary in the interest of the Government, or for supplies of a technical or specialized nature requiring a substantial initial investment, or extended period of preparation for manufacture, which may require duplication of investment.

Thirteenth. Preserves the authority to negotiate contracts.

Fourteenth. Permit any negotiation under any relevant after-enacted law.

SECRET NEGOTIATION LEADS TO FAVORITISM

I have opposed and condemned secretly negotiated public contracts for many reasons. One of those reasons most persuasive to my mind is that such negotiations are an invitation to favoritism, to special treatment to contractors who have, for any of many reasons, some perfectly legitimate and some actually

unsavory, ingratiated themselves with the contracting officers.

The net result is likely to be that big companies are favored at the expense of the little fellows, the small businessmen that we have tried to help by constructive legislation; that new ideas are discouraged in favor of existing facilities of favored contractors.

For my part, Mr. Speaker, I continue to urge and advocate merger of the services and merger of the procurement agencies, with the utmost practicable restrictions on privately negotiated contracts. The public interest and the real economy of efficiency should always come first.

Mr. CHENOWETH. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. WADSWORTH].

Mr. WADSWORTH. Mr. Speaker, it is not my intention to go into a detailed discussion of the bill which will be brought before the House by the adoption of this rule but rather to make some comments concerning the question which the gentleman from Illinois has just raised. He has urged that this measure, which in effect provides for a uniform method of making contracts by the War and Navy Departments, should be made a part of a bill to unify the two departments. Unfortunately, for the gentleman's contention, that is quite impossible. Any measure for the unification, so called, of the War and Navy Departments, under the rules of the House, is referred to the Committee on Expenditures in the Executive Departments. The bill for that purpose has already been introduced and is now pending before our committee—I happen to be a member of it—and hearings have been set upon it to start on next Tuesday. That bill does not pretend to alter any basic law governing the activities or the pursuit of policies by the War or Navy Departments or the Air Corps; it merely has to do with the structure, the administrative set-up of the departments if integrated as proposed by the pending legislation.

It should be understood—and a good many people, I think, do not understand it—that the Committee on Expenditures of the House of Representatives has no legislative jurisdiction over legislation involving policy. For example, the Committee on Expenditures has no jurisdiction in this so-called unification bill over the pay of the Army and the Navy and the Marine Corps. That belongs to the Committee on Armed Services. The Committee on Expenditures has no jurisdiction whatsoever relating to how contracts shall be let by the Army and the Navy. Only the Committee on Armed Services has that jurisdiction. The jurisdiction of the Committee on Expenditures in the Executive Departments is confined in this particular field to passing upon proposals for changing or altering the structural organization of a department of the Government. As the so-called unification bill does propose a structural reorganization or change, it comes to the Committee on Expenditures. So it is quite impossible for the Committee on Expenditures to take into consideration the problems involved in this

bill which has been reported from the Committee on Armed Services.

Whether or not we enact legislation for the unification, so called, of the War and Navy Departments, legislation of this particular kind which is now proposed to be brought before the House must be enacted. It is just as feasible and proper to enact it before unification as it would be to enact it after unification. In my humble judgment, the Committee on Armed Services has acted entirely within its jurisdiction and very wisely in bringing to the House a suggestion, highly important, involving making uniform the method of letting contracts for the purchase of military supplies. Comprehensive legislation such as this is rare in our history. The Committee on Armed Services, in bringing it before us, has done its best—and I think successfully—to wipe out many statutes which no longer have any meaning or bearing under modern conditions. It proposes to the House uniform methods by which the purchasing agencies of these departments shall acquire supplies for the armed services.

One might go on for some time illustrating the difference between the jurisdiction of the Armed Services Committee and the jurisdiction of the Committee on Expenditures in the Executive Departments, but I believe I have covered the ground within reason.

The SPEAKER. The time of the gentleman has expired.

Mr. SABATH. Mr. Speaker, I have no requests for time. There are 3 hours' general debate provided and I do not wish to take up more of the time of the House.

Mr. CHENOWETH. Mr. Speaker, I wish to call to the attention of the Members of the House that the chairman of the Committee on Armed Services, the gentleman from New York [Mr. ANDREWS], has sent to each Member a copy of Report No. 109, which is the report on this bill, so that each Member has had this report on his desk for the past couple of days.

Mr. Speaker, I have no further requests for time, and move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. ANDERSON of California. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 1366) to facilitate procurement of supplies and services by the War and Navy Departments, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 1366, with Mr. SCHWABE of Oklahoma in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from California [Mr. ANDERSON] is recognized for 1½ hours, and the

gentleman from Virginia [Mr. DREWRY] is recognized for 1½ hours.

Mr. ANDERSON of California. Mr. Chairman, I yield myself 30 minutes.

Mr. Chairman, H. R. 1366, a bill to facilitate procurement of supplies and services by the War and Navy Departments, has been unanimously approved by the Armed Services Committee. The bill is the product of a great many months of intensive work. It reflects the sound accommodation of the collective views of the officials and procurement experts in the War and Navy Departments with the views of the Comptroller General, who approved the bill in the form in which it was introduced.

Mr. ANDREWS of New York. Mr. Chairman, will the gentleman yield?

Mr. ANDERSON of California. I yield.

Mr. ANDREWS of New York. The gentleman made a very interesting reference to the Comptroller General of the United States, a former member of this body. I think at the outset, when so many Members are on the floor, it would be well if the gentleman would amplify that.

Mr. ANDERSON of California. I was going to add that this morning I called Mr. Lindsay Warren, the Comptroller General, for whom, as the chairman of the committee knows, every Member of the House has a very high regard. I was advised by him that since this bill was reported by the Committee on Armed Services he has had ample time to study it carefully and he advises me that the Comptroller General's office is solidly behind the proposed legislation. The bill has received the careful consideration of the Armed Services Committee. To the bill as introduced the Committee has added desirable safeguards.

Specifically, the bill will:

First. Provide uniform procurement authority for the War and Navy Departments;

Second. Reestablish the advertisement for competitive-bid method for the procurement of most military supplies and services;

Third. Consolidate within the framework of one statute the basic procurement authority of the services;

Fourth. Authorize negotiated contracts in a limited number of situations under proper safeguards;

Fifth. Assure small business an opportunity to secure a fair proportion of the total value of military purchases;

Sixth. Establish advertising standards designed to assure full and free competition;

Seventh. In the specified situations where negotiation is authorized, permit the use of that type of negotiated contract which will promote the best interests of the Government;

Eighth. Authorize advance payments generally during national emergencies and restrict in normal times their use to research and development contracts;

Ninth. Empower the Comptroller General on the recommendation of an agency head to remit liquidated damages paid or assessed against a contractor;

Tenth. Provide that the more important decisions made under the act, particularly those with respect to negotiated

contracts, must be made by the agency head, as that term is defined in the bill;

Eleventh. Give finality to the decisions of the agency head both for his protection and for the protection of suppliers; and

Twelfth. Repeal archaic and unnecessary laws.

To discuss the bill in greater detail, section 1 provides that War and Navy Department purchases with appropriated funds shall with certain specified exceptions be made by advertising. I shall have occasion to discuss these very important exceptions at a later point. At the same time section 11 provides for the repeal, effective with the end of the current fiscal year, of wartime laws under which broad authority to dispense entirely with advertising has been conferred, to the extent such laws are inconsistent. Title II of the First War Powers Act would thus be repealed. The selection of the end of the fiscal year as the effective date for repeal was deliberate on the part of the committee. This will give the services sufficient time to formulate policies and procedures, to establish machinery, and in general to prepare for the transition from purchasing under the First War Powers Act to purchasing under the new act.

Section 1, as I previously mentioned, does authorize the services in 14 specified and defined situations to negotiate contracts without advertising. Of these 14 situations, 8 are not really new.

Subsection (i) of section 1 authorizes the negotiation of all contracts during a national emergency. This is designed to permit the general activation of authority to negotiate in times of national emergency, found so essential during World War II, and is equivalent to the authority possessed by the services under the First War Powers Act. Subsection (ii) which permits the negotiation of exigency purchases is taken from Revised Statute 3709, the basic peacetime statute governing procurement. That statute is also the basis of subsection (iv) which relates to personal and professional services and of subsection (viii) which relates to the purchase of supplies and services where it is impracticable to secure competition. I think the phrase "impracticable to secure competition" in subsection (viii) requires some explanation. This subsection will permit the services to negotiate contracts in situations where there is an absence of competitive conditions. The most typical situation involves an article which can be obtained from only one supplier. But the authority will be available even where there are multiple sources if real competition is nonetheless lacking.

Since 1907 both the Army and Navy have had the authority to make negotiated purchases where the aggregate amount involved does not exceed \$500. Subsection (iii), which increases this authority to cover purchases up to \$1,000, merely recognizes the reduction in the purchasing power of the dollar since 1907. The Navy Department presently possesses the authority to negotiate purchases of supplies and services to be procured and used outside the United States and its possessions. Sub-

section (v) would extend this authority to the War Department. Both services have the authority to negotiate purchases for medicines, and this authority would be continued by subsection (vi). The authority to negotiate research and development contracts which is provided by subsection (ix) was given to the Navy Department by the last Congress.

We come now to a consideration of the subsections which contain new grants of authority. Subsection (vii) applies to supplies purchased for authorized resale. This authority will be used to purchase various articles with brand names for resale to service personnel. It has been found necessary to purchase such items to accommodate the brand preferences of service personnel using these facilities. I think we can all understand the personal preferences of servicemen for a particular brand of cigarettes, toothpaste, hair oil, and the like. I might at this point emphasize the fact that this bill does not apply to purchases made with nonappropriated funds. Accordingly it will not apply to purchases for Army post exchanges and Navy ship's service stores. The Armed Services Committee is presently studying operations of post exchanges and ship's service stores and will be in a position to make any necessary recommendations in the near future.

Subsection (x) authorizes negotiated purchases where it is determined that the nature of the supplies and services should not be publicly disclosed. At the present time the War Department has this authority with respect to purchases of ordnance, chemical warfare and signal property and also of aircraft parts, instruments or aeronautical accessories. The necessity for this authority is so apparent that it requires no further discussion.

Subsection (xi) authorizes negotiated purchases of technical equipment where this is necessary in order to effect standardization of equipment and interchangeability of parts. The services have been presented with a difficult spare parts problem arising from the purchase of many standard commercial items. These are instances where a service has many different models and makes of the same basic equipment. This often means that it is necessary to have spare and replacement parts for each make or model. When one considers the broad areas over which the Army and Navy operate and the resulting supply problem it can readily be realized that every effort must be made to reduce the number of spare parts. One important way of effecting this reduction is by limiting the makes or models used by a service, that is, standardizing on a limited number of makes or models of the same equipment.

A grimmer phase of this problem often occurs in combat operations where a unit is cut off from its source of supply or supplies are not arriving in adequate quantities. The ability of the unit to maintain its position or to advance or even to survive may be directly dependent upon its ability to take the damaged equipment and through interchanging

of parts make the equipment work. Certainly such instances underline the importance of the need for the greatest possible standardization.

An interesting and, fortunately, limited need for standardization results from the fact that the parts of certain highly complicated equipment are fully interchangeable only if manufactured by the same supplier. This situation exists in the case of certain equipment even though the same specifications, drawings, and manufacturing techniques are employed. A notable example of this occurred in the case of an airplane engine manufactured for the Navy Department. Two companies produced the same engine from identical blueprints; both engines performed properly; but the parts were not fully interchangeable. In equipment of this nature it is absolutely essential that all parts be capable of incorporation in the same equipment. Particularly in combat equipment the luxury of duplicate sets of parts for the same or similar equipment cannot be tolerated.

Standardization of equipment or limiting the types, models or makes of equipment has several other important virtues for the services. The many complex machines and instruments of warfare used by modern armies and navies have increased the period required to train personnel in their use and maintenance. It is, of course, obvious that anything that can be done to reduce or limit the number of different types of equipment will also simplify the training problem. The increasing number of complicated equipment has also necessitated increased specialization on the part of Service personnel. Here, too, anything that can be done to reduce the number of different equipments will reduce the need for specialization.

Subsection (xii) authorizes negotiation in circumstances where supplies and services of the necessary quality cannot be obtained through competitive bidding. This will enable the Departments to maintain necessary standards of quality in a way not possible when the procurement is by bid and award pursuant to general specifications. The more complex the weapons of war have become, the more difficult it has been to maintain quality control through specifications and inspection. For example, the Navy Department purchased gyro pilots from three different companies, all of which had excellent reputations as manufacturers. The products of all three companies passed rigid inspection in accordance with detailed design and performance specifications. When the pilots were put into operation, however, it was found that a number of the products of one company were defective. Exhaustive tests were conducted to determine the causes for this defect but were without success. Information on production techniques and tooling was exchanged by the companies but the pilots of the third company continued to be defective.

Subsection (xii) will also authorize negotiation in one additional situation which in part involves considerations of quality. Under this authority, procurement by negotiation may be made of sup-

plies of technical or specialized nature requiring a substantial initial investment or an extended period of preparation for manufacture. This authority, however, may be exercised only after the agency head determines that competitive bidding may result in duplication of investment or preparation already made, or would unduly delay procurement of the supplies concerned. The committee has found that this authority is essential for the procurement of such items as military and naval aircraft, tanks, military and naval radar, guided missiles, rockets, and other technical equipment. To award contracts for such items after advertising for sealed bids would be highly time consuming and wasteful and would leave the procuring service with no assurance that it would secure supplies of proper quality.

Through the use of the authority contained in subsection (xiii) the services can make certain that extremely vital supplies, services, and facilities will be available in the case of a national emergency. Under this subsection contracts may be negotiated for supplies and services in order to preserve a highly strategic plant, mine, or other facility. They may also be negotiated in order to train a supplier in the manufacture or furnishing of critical supplies or services or to prevent the loss of such ability. This authority will not be widely used and will be subject to Presidential and congressional scrutiny. From the standpoint of dollars it is not an important aspect of the bill. But from the standpoint of national security—and I must plainly and emphatically make this point—this authority must be made available. If it is not, vital strategic plants will fall into disrepair or will be devoted to other purposes and the ability of certain suppliers to furnish complex and necessary weapons and materials of war will be lost. The validity of the principle underlying this subsection was clearly recognized by the Congress in its passage of the act of June 16, 1938. By that statute the War Department was given authority to place "educational orders" for special munitions with selected commercial concerns.

Subsection (xiv) will preserve the authority to negotiate contracts that the departments have under certain statutes which are not repealed by section 11 of the bill. As an example, it will preserve the authority of the services under such laws as the act of August 2, 1946, which permits an agency in purchasing certain supplies to exchange or sell similar items and apply the exchange allowance or proceeds to the purchase price.

The bill surrounds the exercise of the authority to negotiate with substantial safeguards. Thus, the departments must report to the Congress on contracts made under the authority of subsections (ix) and (xiii). Moreover, the authority under subsections (x) through (xiii) may only be exercised after a determination is made by the agency head acting personally. The agency head includes only the Secretary, the Under Secretary, or an Assistant Secretary. In addition, under subsection (xiii) the decision of the agency head must be approved by the President. Further, all negotiated contracts are to contain a warranty that

the contractor has not employed a broker or agent to secure the contract upon a contingent fee or similar basis. Finally, contracts for construction work within continental United States may be negotiated under the authority of only six of the subsections of section 1, namely, subsections (i), (ii), (iii), (viii), (ix), and (x).

Procurement by negotiation means to some people the selection by more or less arbitrary methods of a supplier and the payment to him of a price which he has been able to set without fear of competition. This is not the negotiation method followed by the War and Navy Departments or by industry generally. With them the first step in negotiating a contract consists of securing informal quotations from as many sources as practicable, usually accompanied by a break-down of the elements of cost. Separate negotiations then begin with the lower bidders in order to reduce the price by eliminating unnecessary or unjustified charges. When the best possible agreement has been reached an appropriate contract is awarded the successful firm. Experience has shown that by careful negotiation and by drafting a suitable contract it is frequently possible to secure substantial savings for the Government. In fact, negotiation properly employed often promotes and intensifies competition.

Section 2 declares that it is the policy of the Congress that a fair proportion of the total volume of military purchases and contracts shall be placed with small business concerns. This policy is implemented by two requirements: First, when not of manifest disadvantage to the Government, supplies and services shall be procured in reasonably small lots; and, second, whenever it is proposed to negotiate a purchase or contract in excess of \$10,000 for supplies or services for resale and for medicine and medical supplies, suitable advance publicity wherever practicable shall be given for a period of at least 15 days.

Section 3 provides that advertising shall be so conducted as to secure for the Government the benefits of full and free competition. The requirements are of a general nature vesting considerable discretion as to place, medium, period, and frequency of advertising and as to other such matters as who may and how many must be present at the opening of a bid. It reiterates the principle that contracts shall be awarded to the lowest responsible bidder and provides that the Government may reject all bids and re-advertise. The matter of determining whether a particular bidder is responsible is left, as it is under present law, to the sound discretion of the procurement agency.

Section 4 states that negotiated contracts may be of any type which will promote the best interest of the Government. Cost-plus-a-percentage-of-cost-system of contracting is, of course, prohibited.

Also, neither cost nor cost-plus-a-fixed-fee contracts nor incentive-type contracts may be used unless they are likely to be less costly or it is impracticable to secure the required supplies or services without their use. Cost-type contracts will generally be restricted to

research and development work, construction of overseas bases and initial production of highly complex material such as aircraft and the like. In the great majority of instances, negotiated contracts will be fixed-price contracts.

This authority to use the most effective contractual instrument will enable the procuring agency to secure prices, terms, and conditions which will result in the most economical purchases possible. As an illustration as to how this authority may be used to save Government money, take the case of a contractor who is to supply a new item for which there is available no cost experience for producing either this or similar items. If he is required to quote a straight fixed price, he will generally include in his quotation contingency allowances large enough to protect himself against possible loss. Should these contingencies not occur as they frequently do not, the contractor may realize excessive profits. If the procuring agency has the authority to use the most suitable type of contract, the contract may provide for redetermination of the price after a small part of the contract has been performed. Based on actual cost of performance data the contractor and contracting officer may agree on a redetermined price which is very much lower than the initial contract price. For another example, a supplier of a certain article may be willing to offer a lower price if the guaranty period is 6 months rather than 1 year. After analyzing the importance of the guaranty to the Department, the negotiator may decide that the saving effected through the lower price outweighs the value to the Department of the longer guaranty period. He will, accordingly, agree that the contract shall provide for the shorter guaranty period.

In the case of cost-plus-a-fixed-fee contracts, section 4 provides that the fee shall not exceed 10 percent of the estimated cost of the contract, exclusive of the fee. There are two exceptions to this requirement. In the case of research and development contracts a maximum fee or 15 percent is authorized, and in the case of contracts for architectural engineering services related to any public works or utilities projects the maximum fee is limited to 6 percent of the estimated cost of the project. You will observe that the maximum fees are increased over the present authorization of 7 percent. It is not expected that the maximum fees will be paid in each case. As a matter of fact, the services have testified that the present fees that they are paying under cost-plus contracts are well under 7 percent. The increase in the authorized fee is proposed only as a safeguard against the possibility that the Department may at some time have an urgent need for certain supplies and services and be unable to obtain them unless it is able to pay a fee greater than is now authorized. We must all take note of the fact that during time of war the services are not forced to compete with commercial sources as they must in peacetime. Particularly during good times, it may be difficult for them to place contracts un-

less they are able to meet prices paid by commercial consumers.

Mr. COLE of New York. Mr. Chairman, will the gentleman yield?

Mr. ANDERSON of California. I would be delighted to yield to my distinguished friend from New York.

Mr. COLE of New York. On the question of the cost-plus-a-fixed-fee contract, with respect to the percentage of cost allowable, the bill provides for a maximum percentage. Can the gentleman advise us what has been the average percentage that has been allowed on cost-plus-a-fixed-fee contracts, and can the gentleman assure the Congress and emphasize for future guidance of the departments that the maximum fixed in the bill is not intended to be a standard percentage allowance but rather a genuine maximum?

Mr. ANDERSON of California. Yes. I think the gentleman heard my remarks on that very subject. I indicated that it was not intended by the Congress that the maximum percentage should be allowed. In fact, the subcommittee has advice at this time that the average fee is less than 7 percent on cost-plus contracts.

Mr. COLE of New York. Is it not true that the average fee is substantially less than 7 percent?

Mr. ANDERSON of California. Yes. I am sorry that I cannot give the gentleman the exact figure, but we were advised by the Department that it is substantially less than 7 percent.

Mr. COLE of New York. My purpose in raising the question was to emphasize to the departments that this percentage is not to be considered as standard but as a genuine maximum, and that they should continue to obtain the contracts at the lowest percentage possible.

Mr. ANDERSON of California. Yes. I am very grateful to the gentleman for raising that point, because I think the departments should know that that is the intent of the Congress.

Mr. COLE of New York. I thank the gentleman very much.

Section 5 authorizes the services to make advance payments under all contracts during periods of national emergency but during normal times only in the case of research and development contracts. The need for this authority during times of emergency is obvious. The need for this authority also exists in peacetime in the case of research and development contracts, many of which are with educational and research institutions or small business concerns which cannot obtain the necessary financial support from normal commercial sources. This authority to make advances under research and development contracts is already possessed by the Navy Department pursuant to Public Law 588, Seventy-ninth Congress.

Section 6 permits the Comptroller General, on the recommendation of the War and Navy Departments, to remit sums due the Government under contracts providing for the assessment of liquidated damages for delay in performance. As sometimes happens damages are required to be collected where the contractor is in no wise responsible for the delay and the Government has suf-

fered no substantial damage. It is entirely proper that the Comptroller General should have authority in such cases to remit the damages due.

Section 7 deals with the delegation of powers granted the heads of the War and Navy Departments by the bill. As pointed out earlier the exercise of the new powers of negotiation under subsections (x) through (xiii) of section 1 requires the approval of the agency head acting personally. The agency head, as I stated previously, means only the Secretary, Under Secretary or an Assistant Secretary of either Department. Further, the authority to authorize advance payments may not be delegated. Also, the power to authorize research and development contracts is delegable only to a chief officer responsible for procurement and his first assistant. The committee is convinced that by placing responsibility at such high levels within each department abuses of authority will be prevented.

Section 7 also covers the matter of the finality of the decisions and determinations made under this bill. The committee is firmly of the opinion that the responsible officials of the War and Navy Departments should be given adequate authority to discharge their responsibilities. At the same time, it believes that they and the contractors with whom they deal are entitled to rely and act on their decisions.

Section 8 makes it clear that the Walsh-Healey Act, the Davis-Bacon Act and the 8-hour law apply to negotiated contracts. Section 9 defines the terms "agency head" and "supplies."

The purpose of section 10 is to make clear that the bill is applicable not only to purchases of supplies and services for the agency's own use, but also for purchases made by the agency for another agency's use.

Section 11 would repeal a great many conflicting, inadequate or outmoded statutes, so far as they apply to the War and Navy Departments.

In conclusion, H. R. 1366 will provide the services with uniform and necessary procurement authority. The exercise of this authority will be surrounded by adequate safeguards. The bill will arm the services with adequate and consistent procurement authority and will permit the use of procurement methods which will save Government funds and assure fair distribution of Army and Navy contracts among potential suppliers. All the members of the Armed Services Committee join with me in recommending the passage of this bill.

Mr. MANASCO. Mr. Chairman, will the gentleman yield?

Mr. ANDERSON of California. I am very glad to yield to the gentleman.

Mr. MANASCO. The gentleman has explained the bill very thoroughly. I have read the bill carefully and am impressed with the necessity of the passage of such legislation. I wonder if the gentleman's committee gave any consideration to the advisability of extending this legislation to all our executive departments. It occurs to me that we might save much money to the taxpayers if we had uniformity in the laws governing procurement.

Mr. ANDERSON of California. The committee did not consider extending this authority to any other Federal agencies. However, since the full committee reported the bill, the Treasury Department addressed a communication to the chairman of the Committee on Armed Services requesting permission to come under this bill for purchases for the Coast Guard, which, as the gentleman knows, reverts to the Treasury Department in peacetime.

The National Advisory Committee for Aeronautics also requested authority to come under the provisions of this bill in connection with the purchase of supplies for research and development. As the gentleman knows, the NACA is largely a research and development agency.

Mr. MANASCO. Is such an amendment going to be offered by the committee?

Mr. ANDERSON of California. I should like to advise the gentleman further, however, that the full committee had already completed action on the bill at the time those requests came in, so it was my suggestion, and the suggestion of the chairman of the full committee and the ranking minority member, that the request be transmitted to the Senate for consideration when this legislation reaches the other body.

Mr. MANASCO. I hope they will also consider bringing all Government agencies under the same legislation.

Mr. ANDERSON of California. I can assure the gentleman I am firmly convinced that the passage of this legislation will result in the saving of real money for the American taxpayers, and that is what this committee intends to see that it shall do.

Mr. SIKES. Mr. Chairman, will the gentleman yield?

Mr. ANDERSON of California. I yield with pleasure to my friend, the gentleman from Florida.

Mr. SIKES. May I compliment the chairman of the subcommittee on the very able work that he has done in bringing out this important legislation and on the fine presentation that he has made on the floor of the House. I certainly concur in all that he has said. I am sure from the reception given his remarks that there is no opposition to this fine legislation.

Mr. ANDERSON of California. I am deeply grateful to my friend from Florida for his kind remarks.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. PHILBIN. Mr. Chairman, I yield 5 minutes to the gentleman from Virginia [Mr. DREWRY].

Mr. DREWRY. Mr. Chairman, last year under the so-called reorganization plan, the Committees on Military Affairs and Naval Affairs were merged into one committee known as the Armed Services Committee to handle all legislation for the Army and Navy. Some thought, and still think, that the volume of work required for each of these committees, Military Affairs and Naval Affairs, was so large and the specialized nature of the work for each committee was so important, that the two committees should have been continued in their respective

jurisdictions. Nevertheless, like good soldiers, the members of the two committees accepted the decision of Congress with good grace and prepared to organize in accordance with the proposed plan.

As chairman of the Armed Services Committee, the gentleman from New York [Mr. ANDREWS] promptly worked out his organization. With a genius for detail and organization he set up 12 subcommittees and with rare judgment and skill and some diplomacy, he started consideration of bills referred to the committee. He has unified the elements composing the committee and its work, and the entire committee under his leadership is giving him hearty and patriotic nonpartisan support in the attempt to make the merger work satisfactorily. There has been no partisanship and there will be none in this committee in their guardianship of the national defense.

This bill, H. R. 1366, probably the most important yet reported by the committee, affords a splendid example of what has just been said. The subcommittee handling this measure, under the fair and impartial guidance of its presiding chairman, the gentleman from California [Mr. ANDERSON], after several weeks of careful attention to the witnesses in the hearings unanimously reported this bill to the full committee. The full committee, with a few polishing amendments, reports it unanimously to the House for its consideration. So it comes to you with the unanimous agreement of the leaders of the Army and Navy, representatives of the business organizations affected by its terms, and with the coinciding views of the majority and minority members of the committee, and with the recommendation that the House accept it.

It is not claimed that this legislation is the final word on the subject of military procurement of supplies, nor is it claimed that it is perfect. It may easily be that the practical application of its terms may show the need for amendment. It is a new plan, possibly it might in a sense, be termed experimental. Some parts of it, however, have been tried and tested in the furnace of war, when our Army and Navy found by actual experience the necessity for closer coordination between our armed forces in the procurement of military supplies.

The admirable report filed by the committee is so complete in its analysis of this measure that I do not feel it necessary to take up the time of the House in going more fully into the details of the legislation.

In general, the bill provides that the Army and Navy shall unite in the procurement of supplies and services and a plan is proposed by which it shall be done in the simplest and most efficient way. The legislation provides also that competition shall be the key to its contracts and its purchases, thinking that the Government will benefit by this method and that every business will have an equal opportunity to bid in the open market. There are a few exceptions, however, that are noted in the bill where purchases are made without advertising, but safeguards are supplied to prevent abuses.

This legislation should be productive of greater economy in the outfitting and maintenance of our Army and Navy, not only in peacetime but also in wartime. It will also make permanent the procurement of supplies for the Army and Navy, and also stabilize our war effort if, perchance, such misfortune again overtakes us.

The remainder of the bill repeals unnecessary statutes inconsistent with the purposes of this legislation. The passage of this measure should result in a great saving to the Government, and will not only allow the business of the Government to be more efficient, but will also be in the interest of economy.

Mr. PHILBIN. Mr. Chairman, I yield myself 5 minutes. Mr. Chairman, I desire highly to commend my distinguished colleague the gentleman from California [Mr. ANDERSON] for his splendid handling of this measure and his excellent presentation of the essential philosophy and provisions of this bill.

This bill has been carefully considered by the Armed Services Committee. It is approved by the Bureau of the Budget. It is satisfactory to business groups which do business with the Army and Navy. So far as I know there is no objection or opposition to this measure. It is unanimously reported.

In the main the bill makes uniform the purchasing procedures of the armed services. It contains definite safeguards to protect the Government and to accord to business in general adequate and fair opportunity under advertising and competitive bidding to do business with the Army and Navy. It provides full authority for the Army and Navy to act expeditiously in emergencies.

I believe this bill is an important step forward in integrating the procurement functions of our armed services. It is sound, flexible, and protective of the interests of the Government and American business alike. I ask its speedy, unanimous adoption by the House. Such action will serve notice that we intend to effect needed integration, greater efficiency, and flexibility in our armed services, and thus strengthen our national defense.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The gentleman yields back 2 minutes.

Mr. ANDERSON of California. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. VAN ZANDT].

Mr. VAN ZANDT. Mr. Chairman, since H. R. 1366, designed to facilitate procurement of supplies and services by the War and Navy Departments, and for other purposes, is a step in the direction of joint purchasing and since there is now pending in both branches of Congress a bill to unify or merge the Armed Forces, it is my intention to devote the time allotted to me to a discussion of the fact that joint purchases by the Army and Navy have been in effect for many months and have been accomplished without the approval of any legislation.

In passing, may I urge that advocates of the proposed Army and Navy merger take time out to study the practice of joint purchases that have been followed

for the past many months by the Army and Navy without any legislation.

This proves that any proposed methods to streamline our armed forces can be accomplished on a voluntary basis with the aid of Presidential directives and without any specific legislation. It is seriously doubted that merging or even streamlining the armed forces can be effected without great cost to the American people.

Mr. BONNER. Mr. Chairman, will the gentleman yield?

Mr. VAN ZANDT. I yield.

Mr. BONNER. I wish to ask the gentleman whether or not during the consideration of this bill in the committee the subject of one general purchasing agency for the Army, Navy, and other branches of national defense was discussed.

Mr. VAN ZANDT. It was, very briefly.

Mr. BONNER. I take it, then, that the present policy of cooperative purchasing that has been carried out now is the result of the mistakes they made during the war, the Army and Navy both bidding on the same material and thereby boosting the price of national necessities.

Mr. VAN ZANDT. The gentleman is correct.

Mr. ANDERSON of California. Mr. Chairman, will the gentleman yield?

Mr. VAN ZANDT. I yield.

Mr. ANDERSON of California. I wish to point out to my distinguished friend from North Carolina that the former chairman of the Naval Affairs Committee, the gentleman from Georgia [Mr. VINSON], has introduced legislation which if passed will set up a joint procurement agency for all branches of the armed services. There has not yet been a report on that legislation from the various departments, but I do wish to reassure the gentleman that our subcommittee intends to go into that subject at a later date.

Mr. BONNER. I wish to point out that those of us who had the opportunity to visit both Army and Navy operating bases during the war were greatly impressed by the extravagance that was indulged in by all branches of the service in this purchasing program.

Mr. ANDERSON of California. I can assure the gentleman that the passage of this legislation before the House today will eliminate a great deal of the duplication we have had in the past.

Mr. BONNER. As the gentleman states, it is a step in that direction.

COORDINATING ARMY AND NAVY PROCUREMENT

Mr. VAN ZANDT. Few people realize how extensive Army-Navy collaboration in buying has become. In 1944, the Army and Navy bought jointly more materials than in the 3 years 1941, 1942, and 1943 combined. And the trend has continued upward.

Furthermore, with respect to all procurement, the Army and Navy work closely together. To a great extent they apply common policy and procedures.

Material requirements fall into two major categories: Items sufficiently similar to make coordination desirable; and

items so different that coordination offers no advantages.

It would be absurd to centralize procurement to such an extent that Army Ordnance bought armor for carriers or Navy Ordnance bought armored tanks. Any effort to force such a compromise would endanger the men who must man the carrier or the tanks. In other cases the danger is no less real, though it may be less obvious.

If standardization is forced too far, the result is a compromise that will not adequately serve the needs of either service. The Army and Navy must guard against overstandardization and orthodoxy which may retard imagination and dilute the quality of weapons.

An analysis of all Navy material procurement for fiscal years 1944 and 1945, totaling approximately \$50,000,000,000, shows the following division:

Purchases actually coordinated:	Percent
Purchased by the Army for the Navy..	10
Purchased by the Navy for the Army..	10
Purchased by the Navy in collaboration with the Army.....	9
Purchased by the Navy as part of Army-Navy group purchases.....	12
Purchases actually coordinated..	41
Field of possible further coordination..	17
Special Navy technical items.....	42
Total	100

Joint procurement is desirable for many service purchases; it is extremely dangerous for many others.

Of the field wherein joint procurement is possible over 70 percent has already been coordinated, and aggressive efforts are being made to cover the remainder.

Economy in government is the necessary and popular goal of our Nation. During the war years any consideration of economy was overshadowed by the more pressing and more important considerations of military necessity. Now, however, no longer faced with the problems and the waste involved in fighting a global war, the question of economy in government has assumed paramount importance. It is the principal argument advanced by the proponents of merging the armed forces, and they promise that great savings will result, especially in the field of procurement.

It is very true that some money can be saved through joint purchasing by the armed services. The alleged economies that will result from merger, however, must lie in the field of items which are used by, or adaptable to, both services, but which are purchased on a unilateral basis or, worse, in competition with one another. The record shows this a surprisingly small field—almost nothing, in fact—shows that a very great amount of Army and Navy purchasing is already being carried out jointly.

Various forms of coordinated purchase by the Army and Navy were undertaken early in the war, and by now cover a great percentage of expenditures for items susceptible to coordination. This policy accomplished much that was desirable in that it eliminated priority competition between the War and Navy Departments, it enabled industry to prepare necessary production schedules, and led to decreased costs because of uniform

price levels and the reduced need for procurement personnel and other administrative overhead.

A good example of this coordination lies in the procurement of food and lumber. Throughout the war these two items were purchased by cross procurement; that is, making use of but one organization—the most expert in the field—in the purchasing operation. In other words, one service bought all of the material needed by both services. The Army Engineers purchased all lumber used by the Army and the Navy, while the Army Quartermaster's Office purchased the food used by both services. Other numerous examples may be found in the procurement of tractors, with the Corps of Engineers responsible for supplying both services, and in the procurement of distillation units, landing craft, and pontoons, with the Navy responsible for filling the requirements of both services. During 1944 approximately 46 percent of the Navy's motor-vehicle requirements were purchased by the Army and the remainder were procured directly by the Navy from commercial concerns because of marked difference in technical design caused by differing military requirements.

Even before 1942 there was coordinated procurement of aircraft engines, air frames, and propellers, and there is now almost complete coordination in the design and requirement stage of service aviation. The dollar value of savings which result from this policy may be realized when we consider that approximately 35 percent of our total wartime expenses for munitions products was made up of aviation equipment.

To insure the most effective operation, and least cost to the Government, in the field of aviation it is, and has been since before the war, the policy and practice of the services to combine purchase wherever practicable, both during peace and during war. To this end a list of all manufacturers of airplanes, aircraft engines, propellers, and even gliders, is maintained by the Aeronautical Board. Opposite the name of each manufacturer are columns which show the cognizance of each service in that plant. Thus it is possible at a glance to see, for instance, that the Navy has primary responsibility for the armed forces contracts at Pratt & Whitney. This responsibility includes the elements of inspection, cost inspection, allocation of productive capacity, and security, to the complete elimination of duplication.

On the other hand, the Army Air Force is assigned responsibility over Curtiss-Wright. This system of agreement as to cognizance worked extremely well during the war and is being maintained during peacetime. In the example given, the Navy handled all purchases from Pratt & Whitney and the Army handled those from Curtiss-Wright. They then distributed the products of both manufacturers between the two services according to initial requirements.

One of the functions under aeronautical procurement, as well as other types, is the service of inspection of material. During the war it was found desirable to inspect some material at source so as to

prevent undue waste because of rejection of finished products. The inspection of aluminum products came under this category, and the Navy made all of the "at source" inspections for aluminum produced under joint Army-Navy specifications. That this policy of single-service inspection saved large sums in the aeronautical field alone may be realized when it is considered that during the third quarter of 1944 a total of 65 percent of all aluminum produced by industry was utilized by the aircraft manufacturers.

Purchase is not the only field in which close coordination of aviation material exists. There is coordination in the research and development of aviation radio and electronic equipment, ordnance, and armament. Examples of this coordination which already exists, and which saves countless dollars through avoiding duplication of effort can be found in all fields of aviation endeavor. Complete agreement has been reached, for instance, on the 5-inch HVAR rocket and the all-electric bomb rack releases, and these items have been standardized for use by either service. In development of the micro-wave radar, the spectra band within the K range has been apportioned, while the characteristics of airborne radio equipment have been agreed on and standardized. The research and development programs of the Army Air Force and the Bureau of Aeronautics are closely coordinated to prevent undesirable duplication.

As an example, last year during a meeting of one of the Aeronautical Board subcommittees, at which the proposals and contracts of the two services were reviewed, it was discovered that both services were considering almost identical proposals involving the development of a nose turret and the development of a wing tip turret. The proposals were modified; the Navy agreed to relinquish interest in the wing tip turret program while the Army Air Force dropped their program for the new nose turret. It was estimated that probable savings from this coordination and elimination of duplication would amount to approximately \$1,500,000. Of current joint interest and joint effort, for both the AAF and the Bureau of Aeronautics are the problems imposed by high altitudes, a new design for air cargo transport, and a system of standard lighting for aircraft which will be adopted by all civil and military planes.

For years the Army Air Force and the Bureau of Aeronautics have been working on the development of joint Army-Navy specifications and standards. There are thousands of the so-called Army-Navy standards and specifications compiled today, and the work is continuing. Recently a series of Army-Navy specifications covering the turbo-jet engines was approved.

Representatives of the aircraft industries play a part in this work since they must be cognizant of material specifications of the services. Advance copies of all Army-Navy standards are distributed to aircraft-industry representatives for review and comment, and if disagreement exists on any item the

matter is reconsidered so that an acceptable compromise may be worked out. The two services jointly publish an index of current Army-Navy aeronautical standards on a semiannual basis, and copies are available to all contractors and prospective contractors for Government aviation equipment.

I do not mean to imply that there is no duplication between the services in the field of aviation. But there is little undesirable duplication, especially that type of duplication which places the buyer at a disadvantage. Representatives of both services are of the opinion that some parallel efforts are desirable in the development of new and unconventional equipment. Recent projects on which desirable and justified parallelism exists include investigation of microwave communication, automatic-jamming systems, pattern and impedance studies, and advanced antenna design for guided missiles. In all cases the justification for this effort is based on the different tactical requirements of Army and Navy, and the importance of research in new fields which are broad in aspect and provide many possibilities for new techniques. It is controlled duplication, however, and information is freely exchanged between the two services.

The field of ordnance matériel, like that of aeronautical equipment, provides many similar evidences of joint effort and close cooperation between the services. The ordnance procurement efforts of both departments are closely coordinated and single-service procurement has been established for practically all common items. As an example the Navy and Marine Corps requirements for small-arms ammunition have long been furnished by the single-service purchase of the Army, while the Navy purchases all rockets in excess of 5 inches.

The ordnance research and development programs for both services are coordinated under the Joint Research and Development Board, and each service uses the facilities of the other service wherever desirable or necessary. The Army, for instance, has made frequent use of the Navy's test facilities in California and Virginia. Wherever feasible and economical the two departments use each other's ordnance shipping facilities interchangeably. As an example, during the war and at the present time the Army is using the Navy's shipping facilities at Earle, Port Chicago, and Bangor.

But coordination of purchasing during the war was not limited to lumber, subsistence stores, aviation matériel, and ordnance equipment. Few people realize just how extensive was this Army-Navy coordination. An example may be found in the study of Navy purchases for 1944 and 1946. During this period the Navy bought matériel costing \$50,000,000,000, and yet 42 percent of the total was purchased through coordination with the Army. Forty-one percent of the total comprised items which were peculiar only to the Navy, items which had no counterpart in the Army. In this field coordinated purchasing was not feasible. As an example, an Army officer would be scarcely qualified to purchase a periscope for a submarine. The remaining

17 percent of Navy purchases for this period were, perhaps, adaptable to coordination.

With the end of the war, entirely different items and commodities became the most important. Aircraft purchasing, for example, fell sharply, while food and fuel became relatively far more important. Consequently it is not possible to determine trends by comparing data for 1944-45 and for 1946. However, it can be said that the services are aggressively seeking to broaden the area of purchase coordination.

During fiscal 1946 the new contract obligations assumed by the Navy amounted to almost \$4,250,000,000. Of this sum, 52 percent represented purchases which were coordinated with the Army through joint and single service procurement or through collaborative buying, while 30 percent of the over-all total is comprised of items for which the Army has no need, such as arresting gear for decks of aircraft carriers or submarine periscopes. The remaining 18 percent of the total is perhaps, susceptible to some coordination.

Since 1945, the services have been able to tackle this remaining field more aggressively. Purchases in various additional fields are now being handled jointly. In the case of medical supplies, a joint buying agency has been established in New York, utilizing an integrated staff of both Army and Navy officers.

The purchases which have heretofore been made under some form of coordination have totaled many billions of dollars. From this very considerable experience, the services have been able to reach certain conclusions as to the best ways of coordinating their purchases:

First. Different types of commodities require different methods of coordination.

What works best for one may not work well for another.

Second. Three principal methods of coordinating purchasing have been developed—cross procurement, joint buying agencies, and collaboration of buyers. A joint buying agency results when a new organization with representatives from each service is set up to buy for both services. Collaboration of buyers is a system in which both services continue to do their own buying but do so in one common location, so that buyers for both services sit side by side and are able to work out many problems jointly.

Third. Of the three methods, cross procurement—also called single-service procurement—is considered the best, though the other two methods have their own advantages, particularly in the early stages of combining purchases of the two services.

Fourth. It is very important to distinguish between common-use items on the one hand and highly technical special-use items on the other. By "common-use items" the Navy means both items which are now identical for the two services, and for which specifications have been standardized and those which could be made identical by agreement on specifications. By special-use items we mean those items whose technical as-

pects are controlled by distinctive military use, such as submarine periscopes, torpedoes, airplane catapults, etc.

Fifth. Common-use items can be procured jointly, and the purchase of such items may even be centralized. The Navy centralizes the purchase of its common-use items in the Bureau of Supplies and Accounts and the Army makes similar use of the Quartermaster General. It seems clear that further coordination will most easily be achieved in this area.

Sixth. Economy in purchasing absolutely demands that special-use technical items be bought close to technical engineers and design specialists. Otherwise, many, many opportunities to save money are lost because the person responsible for buying these technical items lacks information about the ways in which savings can be accomplished.

Seventh. At least 70 percent of the field for possible joint purchasing has already been coordinated. Aggressive efforts are not being made to cover the latter, and to broaden the field of possible coordination as much as possible.

For example, in recent weeks the fields of petroleum and coal have been carefully studied, and it seems quite probable both these items will shortly be placed, at least in major part, under single service purchasing.

Eighth. Many people entertain notions as to the exaggerated savings which are possible through coordinated procurement. The average observer is likely to suppose that the bigger the quantity purchased by a single order, the smaller the price which can be secured. As to small purchases, this is unquestionably true. The limit of this kind of savings is reached when any one purchase equals the size of the most economical production run of the cheapest available manufacturer. Beyond that, joint prices may and sometimes do increase as bigger purchases become necessary. In recent textile purchases, for example, both services found that manufacturers were willing to quote lower prices for smaller quantities and insisted on higher prices if they were required to furnish bigger quantities. Thus the field of potential saving through quantity purchases is not nearly so large as is commonly supposed, because both services separately approach the limit of economical purchases for a great many of their items. In the case of coal, for example, all available evidence indicates that coordination of purchases will mean little, if any, reduction in unit prices; each service buys enough coal to secure maximum savings from quantity purchases. The probable saving will come from the possibility of eliminating personnel now engaged in buying coal for the services. While this saving is of course truly worthwhile, it nonetheless represents less than 1/2 of 1 percent of the value of the coal purchased.

Until recently the services had to reach decisions regarding the coordination of purchases without any referee. To correct this deficiency the Secretaries of War and Navy on October 15, 1946, by an order approved by the President, gave the Chairman of the Army and Navy Munitions Board full power to make final

decisions in case of disagreement between the two services on purchase matters. Consequently, for the last 8 months, the Armed Forces have had available all the mechanism and organization needed to achieve complete coordination of their purchases. Procurement men in both services agree that the same steps will be necessary no matter what is done with respect to reorganizing the services. It still will be necessary to study purchases of separate commodities in order to arrive at the best methods of coordinating each. The statements just made do not mean that the services will not proceed at full speed to coordinate their purchases further. On the contrary, irrespective of merger, they had already worked out mechanisms to accomplish the best possible results and to achieve the greatest possible justifiable economies.

Economy gained at the expense of operating efficiency is, in the end, no economy at all but is, rather, "penny-wise and pound-foolish." We must take care, then, to insure that the economies we achieve are justifiable economies and not crippling to wartime efficiency, for the greatest single problem which confronts our country today is that of our future national security in a world of grim realities.

One of the most important requirements of any system of procurement is flexibility. Our peacetime needs must be met, yet the system must be capable of rapid expansion in order to withstand the tests and rigors of war. This was stated concisely by the Chairman of the Army and Navy Munitions Board, when in testimony before Congress, on January 22, 1947, he said:

Our guiding principle is that we make sure that we install procedures in time of peace that are capable of expansion if an emergency is to be faced.

The current method of coordinated procurement, evolved during the war and now functioning effectively during peace, has proven its flexibility. We must guard against the adoption of any system of joint purchasing which will not meet this test. To adopt any system which may, perhaps, achieve minor economies in peacetime but which would be inadequate in wartime would impose the gravest threat to our national security.

So, you see, that already much has been accomplished in the way of joint purchasing.

Mr. BONNER. Mr. Chairman, if the gentleman will yield further, just a week ago I had the opportunity to talk to a colonel in the Quartermaster Corps about surplus property, and the repurchase of surplus property that was sold, and the fact that the Army was declaring property surplus but at the same time buying similar property of recent manufacture. Has that been discussed in committee?

Mr. VAN ZANDT. No; it has not.

Mr. BONNER. Has the gentleman heard of any such instances?

Mr. VAN ZANDT. Yes; I have, but not in committee.

Mr. BONNER. I hear that said among various business people. It is a laughable practice, and I cannot imagine why either the Army or the Navy would per-

mit such a thing to happen as declaring certain property surplus and then, on the other hand, buying similar property as of today.

Mr. VAN ZANDT. The situation the gentleman points out, of course, is one of the mistakes to be corrected.

Mr. BONNER. It really looks like a lack of administrative and business ability on the part of the high-ranking officers of both the Army and the Navy.

Mr. VAN ZANDT. I think you will find the Army and the Navy working in the direction of trying to correct these mistakes.

At this time permit me to read a partial list of the joint boards already functioning, totaling 38 in all: The Army and Navy Munitions Board, the Aeronautics Procurement Committee, the Medical Procurement Committee. Over in New York we have a joint procurement committee set-up for both the Army and the Navy which has been purchasing and supplying medicine and medical equipment for both branches of the service. Then there is the Marine Life Saving Equipment Committee, the Vessel Propulsion Committee, and so on. This is all intended, of course, to save the taxpayers money and to bring about a greater efficiency in the armed forces of our country.

Mr. ANDERSON of California. Mr. Chairman, we have no further requests for time.

The CHAIRMAN. There being no further requests for time, the Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That all purchases and contracts for supplies or services made by the War Department and the Department of the Navy (each being hereafter called the agency) shall be made by advertising, as provided in section 3, except that such purchases and contracts may be negotiated by the agency head without advertising if—

(i) determined to be necessary in the public interest during the period of a national emergency declared by the President;

(ii) the public exigency will not admit of the delay incident to advertising;

(iii) the aggregate amount involved does not exceed \$500;

(iv) for personal or professional services;

(v) the supplies or services are to be procured and used outside the limits of the United States and its possessions;

(vi) for medicines or medical supplies;

(vii) for supplies purchased for authorized resale;

(viii) for perishable subsistence supplies or other supplies or services for which it is impracticable to secure competition;

(ix) the agency head determines that the purchase or contract is for experimental, developmental, or research work or for manufacture or furnishing of supplies for experimentation, development, research, or test;

(x) for supplies or services as to which the agency head determines that the character, ingredients, or components thereof are such that the purchase or contract should not be publicly disclosed;

(xi) for technical equipment as to which the agency head determines that the procurement thereof without advertising is necessary in order to assure standardization of equipment and interchangeability of parts where it is shown that standardization of equipment and interchangeability of parts is necessary in the interest of the Government;

(xii) for supplies or services as to which the agency head determines that advertising and competitive bidding would not secure

supplies or services of a quality shown to be necessary in the interest of the Government;

(xiii) for supplies or services as to which the agency head determines that the bid prices after advertising therefor are not reasonable or have not been independently arrived at in open competition;

(xiv) the agency head determines that it is in the interests of the national defense that any plant, mine, or facility or any producer, manufacturer, or other supplier be made or kept available for furnishing supplies or services in the event of a national emergency, or that the interests either of industrial mobilization in case of such an emergency, or of the national defense in maintaining active engineering, research and development, are otherwise subserved; or

(xv) otherwise authorized by law.

SEC. 2. It is the declared policy of the Congress that a fair proportion of the total value of all purchases and contracts shall be placed with small business concerns. As one means to that end, supplies and services shall, when not of manifest disadvantage to the Government, be procured in reasonable small lots or amounts.

SEC. 3. Whenever advertising is required—

(a) The advertisement for bids shall be a sufficient time previous to the purchase or contract, and specifications and invitations for bids shall permit such full and free competition as is consistent with the procurement of types of supplies and services necessary to meet the requirements of the agency concerned.

(b) All bids shall be publicly opened at the time and place stated in the advertisement. Award shall be made with reasonable promptness by written notice to the responsible bidder whose bid, conforming to the invitation for bids, will be most advantageous to the Government, price and other factors considered: *Provided*, That all bids may be rejected when the agency head determines that it is in the public interest so to do.

SEC. 4. (a) Except as provided in subsection (b) of this section 4, contracts negotiated pursuant to section 1 may be of any type which in the opinion of the agency head will promote the best interests of the Government.

(b) The cost-plus-a-percentage-of-cost system of contracting shall not be used, and in the case of a cost-plus-a-fixed-fee contract shall not exceed 10 percent of the estimated cost of the contract, exclusive of the fee, as determined by the agency head at the time of entering into such contract (except that a fee not in excess of 15 percent of such estimated cost is authorized in any such contract for experimental, developmental, or research work and that a fee inclusive of the contractor's costs and not in excess of 6 percent of the estimated cost, exclusive of fees, as determined by the agency head at the time of entering into the contract, of the project to which such fee is applicable is authorized in contracts for architectural or engineering services relating to any public works or utility project), and provided that neither a cost nor a cost-plus-a-fixed-fee contract nor an incentive-type contract shall be used, unless the agency head determines that such method of contracting is likely to be less costly than other methods or that it is impracticable to secure supplies or services of the kind or quality required without the use of a cost or cost-plus-a-fixed-fee contract or an incentive-type contract.

SEC. 5. (a) The agency head may make advance payments under negotiated contracts heretofore or hereafter executed in any amount not exceeding the contract price upon such terms as the parties shall agree: *Provided*, That advance payments shall be made only upon adequate security and if the agency head determines that provision for such advance payments is in the interest of

the national defense and is necessary and appropriate in order to procure required supplies or services under the contract.

(b) The terms governing advance payments may include as security provision for, and upon inclusion of such provision there shall thereby be created, a lien in favor of the Government, paramount to all other liens, upon the supplies contracted for, upon the credit balance in any special account in which such payments may be deposited and upon such of the material and other property acquired for performance of the contract as the parties shall agree.

SEC. 6. Whenever any contract made on behalf of the Government by the agency head or by officers authorized by him so to do includes a provision for liquidated damages for delay, the Comptroller General on the recommendation of the agency head is authorized and empowered to remit the whole or any part of such damages as in his discretion may be just and equitable.

SEC. 7. (a) The determinations and decisions provided in this act to be made by the agency head shall be final. Except as provided in subsection (b) of this section 7, the agency head is authorized to delegate his powers provided by this act, including the making of such determinations and decisions, in his discretion and subject to his direction, to any other officer or officers or officials of the agency.

(b) The power of the agency head to make the determinations or decisions specified in subsections (x), (xi), (xii), (xiii), and (xiv) of section 1, and in subsection (a) of section 5, shall not be delegable and the power to make the determinations or decisions specified in subsection (ix) of section 1 shall be delegable only to a chief officer responsible for procurement and his first assistant.

(c) Each determination or decision required by subsections (ix), (x), (xi), (xii), (xiii), or (xiv) of section 1, by section 4, or by subsection (a) of section 5, shall be based upon written findings made by the official making such determination, which findings shall be final and shall be made available by the agency for a period of at least 6 years following the date of the determination. A copy of the findings shall be submitted to the General Accounting Office with the contract.

(d) In any case where any purchase or contract is negotiated pursuant to the provisions of section 1, except in a case covered by subsections (ii), (iii), (iv), or (v) thereof, the data with respect to the negotiation shall be preserved in the files of the agency for a period of 3 years, following final payment on such contract.

SEC. 8. No purchase or contract shall be exempt from the act of June 30, 1936, as amended (49 Stat. 2036, as amended by the act of June 28, 1940, 54 Stat. 681, and by the act of May 13, 1942, 56 Stat. 277; U. S. C., title 41, secs. 35 to 45), solely by reason of having been entered into pursuant to section 1 hereof without advertising, and the provisions of said act and of the act of June 19, 1912, as amended (37 Stat. 137, as amended by the act of September 9, 1940, 54 Stat. 884; U. S. C., title 40, secs. 324 and 325a), if otherwise applicable, shall apply to such purchases and contracts.

SEC. 9. As used herein, the term "agency head" shall mean the Secretary, Under Secretary (if any), or any Assistant Secretary of War or of the Navy, respectively.

SEC. 10. The provisions of this act shall apply to all purchases and contracts made by any agency for its own use or otherwise.

SEC. 11. (a) The following acts, insofar as they apply to procurement of supplies or services by the War Department or the Department of the Navy, are hereby repealed:

Revised Statutes, section 3709 (U. S. C., title 41, sec. 5);

Revised Statutes, section 3716 (U. S. C., title 10, sec. 1202);

Revised Statutes, section 3717 (U. S. C., title 41, sec. 9);

Revised Statutes, section 3721, as amended (U. S. C., title 34, secs. 569-570);

Revised Statutes, section 3722 (U. S. C., title 34, sec. 572);

Revised Statutes, section 3724 (U. S. C., title 34, sec. 574);

Revised Statutes, section 3726 (U. S. C., title 34, sec. 577);

Revised Statutes, section 3727 (U. S. C., title 34, sec. 578);

Revised Statutes, section 3729 (U. S. C., title 34, sec. 579);

Act of June 14, 1878, No. 30 (20 Stat. 253; U. S. C., title 34, sec. 565);

Act of March 3, 1893 (ch. 212, sec. 1, 27 Stat. 732; U. S. C., title 34, sec. 566);

Act of March 2, 1907 (ch. 2512, 34 Stat. 1193; U. S. C., title 34, sec. 571);

Act of March 4, 1913 (ch. 148, 37 Stat. 904; U. S. C., title 34, sec. 575);

Act of June 30, 1914 (ch. 130, 38 Stat. 398; U. S. C., title 34, sec. 567);

Act of May 15, 1936 (ch. 400, 49 Stat. 1277; U. S. C., title 10, sec. 1159 (a));

Act of October 10, 1940 (ch. 851, sec. 1, as amended, 54 Stat. 1109, as amended; U. S. C., title 41, sec. 6).

(b) The following parts of acts are hereby repealed:

(i) That portion of the act making appropriations for fortifications, approved February 24, 1891 (26 Stat. 769), relating to "Armament of fortifications," which reads as follows: "*Provided*, That no contract for the expenditure of any portion of the money herein provided, or that may be hereafter provided, for the purchase of steel shall be made until the same shall have been submitted to public competition by the Department by advertisement."

(ii) Those portions of the Army appropriation acts approved March 2, 1901 (ch. 803, 31 Stat. 905; U. S. C., title 10, sec. 1201); and June 30, 1902 (32 Stat. 514), relating to "Quartermaster's Department, Regular Supplies," which read as follows: "*Provided further*, That hereafter, except in cases of emergency or where it is impracticable to secure competition, the purchase of all supplies for the use of the various departments and posts of the Army and of the branches of the Army service shall only be made after advertisement, and shall be purchased where the same can be purchased the cheapest, quality and cost of transportation and the interests of the Government considered."

(iii) That portion of the Army appropriation act approved June 12, 1906 (ch. 3078, 34 Stat. 258; U. S. C., title 10, sec. 1205), relating to "Ordnance Department," which reads as follows: "Hereafter the purchase of supplies and the procurement of services for all branches of the Army service may be made in open market, in the manner common among businessmen, when the aggregate of the amount required does not exceed \$500; but every such purchase exceeding \$100 shall be promptly reported to the Secretary of War for approval, under such regulations as he may prescribe."

(iv) That portion of the Army Appropriation Act, approved May 11, 1908 (ch. 163, 35 Stat. 125; U. S. C., title 10, sec. 1199), relating to "Ordnance Department," which reads as follows: "Whenever proposals are invited for the furnishing of articles of ordnance property, the character of which or the ingredients thereof are of such a nature that the interests of the public service would be injured by publicly divulging them, the Chief of Ordnance is authorized to purchase such articles in such manner as he may deem most economical and efficient."

(v) That portion of the War Department Appropriation Act, approved May 15, 1936 (49 Stat. 1299), relating to "Arms, uniforms, equipment, and so forth, for field service, National Guard," which reads as follows: "*Provided*, That specifications for motor ve-

hicles, which shall be so drawn as to admit of competition, shall to the extent otherwise practicable conform with the requirements of the National Guard."

(c) All other laws and parts of laws to the extent that they are inconsistent with this act are hereby repealed.

Mr. ANDERSON of California (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that the further reading of the bill be dispensed with, that it be printed at this point in the RECORD, and that it be open to amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

The CHAIRMAN. The Clerk will read the committee amendments.

The Clerk read as follows:

Page 1, line 5, after the parentheses and before the words "shall be", insert the words "and to be paid for from appropriated funds."

Page 1, lines 9 and 10, strike out "intest" and insert in lieu thereof "interest."

Page 2, line 4, strike out "\$500" and insert in lieu thereof "\$1,000."

Page 2, line 18, change the semicolon to a colon and add the following: "Provided, That beginning 6 months after the effective date of this act and at the end of each 6-month period thereafter, there shall be furnished to the Congress a report setting forth the name of each contractor with whom a contract has been entered into pursuant to this subsection (ix) since the date of the last such report, the amount of the contract, and, with due consideration given to the national security, a description of the work required to be performed thereunder."

Page 3, line 8, strike out the semicolon and add the following: "or for supplies of a technical or specialized nature requiring a substantial initial investment or an extended period of preparation for manufacture, as to which the agency head determines that advertising and competitive bidding may require duplication of investment or preparation already made, or would unduly delay procurement of the supplies concerned."

Page 3, lines 9 to 12, strike out subsection (xiii) in its entirety.

Page 3, line 13, strike out "(xiv)" and insert in lieu thereof "(xiii)."

Page 3, line 13, place a comma after "head" and insert "subject to the approval of the President."

Page 3, line 21, change the semicolon to a colon and insert the following after the colon and before the word "or": "Provided, That beginning 6 months after the effective date of this act and at the end of each 6-month period thereafter, there shall be furnished to the Congress a report setting forth the name of each contractor with whom a contract has been entered into pursuant to this subsection (xiii) since the date of the last such report, the amount of the contract, and, with due consideration given to the national security, a description of the work required to be performed thereunder."

Page 3, line 22, strike out "(xv)" and insert in lieu thereof "(xiv)."

Page 3, line 22, change the period to a colon.

Page 3, after line 22, add the following: "Provided, That this section shall not be construed to authorize the erection, repair, or furnishing of any public building or public improvement, but such authorization shall be required in the same manner as heretofore; and *Provided further*, That advertising, as provided in section 3, shall be required for any contract for the construction or repair of buildings, roads, sidewalks, sewers, mains, and similar items, unless such contract is to be performed outside the continental United

States or unless negotiation of such contract is authorized by the provisions of subsections (i), (ii), (iii), (viii), (ix), or (x)."

Page 3, line 23, insert "(a)" immediately following "Sec. 2."

Page 4, line 3, strike out "reasonable" and insert in lieu thereof "reasonably."

Page 4, after line 3, insert subsection (b) as follows:

"(b) Whenever it is proposed to make a contract or purchase in excess of \$10,000 by negotiation and without advertising, pursuant to the authority of subsections (vi) or (vii) of section 1, suitable advance publicity as determined by the agency head with due regard to the type of supplies involved and other relevant considerations, shall be given for a period of at least 15 days, wherever practicable, as determined by the agency head."

Page 4, line 22, add the following:

"Every contract negotiated pursuant to section 1 shall contain a suitable warranty, as determined by the agency head, by the contractor that no person or selling agency has been employed or retained to solicit or secure such contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the contractor for the purpose of securing business, for the breach or violation of which warranty the Government shall have the right to annul such contract without liability or in its discretion to deduct from the contract price or consideration the full amount of such commission, percentage, brokerage, or contingent fee."

Page 4, line 25, after "contract", insert "the fee."

Page 5, line 20, strike out "heretofore or."

Page 5, line 21, immediately following "executed", insert "pursuant to the authority contained in subsections (i) or (ix) of section 1 hereof."

Page 7, line 2, after "(xii)", strike out the comma and insert "and." Also strike out the next comma, together with the words "and (xiv)."

Page 7, line 8, after "(xii)", strike out the comma and insert "or." Also strike out the next comma, together with the words "or (xiv)."

Page 8, line 1, strike out the comma immediately preceding "solely" and insert "or from the act of March 3, 1931, as amended (46 Stat. 1494, as amended by the act of Aug. 30, 1935, 49 Stat. 1011, and by the act of June 15, 1940, 54 Stat. 399; U. S. C., title 40, secs. 276a and 276a-6)."

Page 8, line 3, strike out the word "act" following "said", and insert in lieu thereof "acts."

Page 8, lines 8, 9, and 10, strike out section 9 as presently printed and insert in lieu thereof the following:

"Sec. 9. As used herein—

"(a) The term 'agency head' shall mean the Secretary, Under Secretary (if any), or any Assistant Secretary of War or of the Navy, respectively.

"(b) The term 'supplies' includes, by way of description and without limitation, public works, buildings, facilities, ships and vessels of every character, type and description, aircraft, parts, accessories, equipment, machine tools and alteration or installation thereof."

Page 8, line 12, strike out "any" and insert in lieu thereof "either."

Page 8, line 17, insert a comma following "3709" and insert immediately thereafter "as amended."

Page 8, after line 22, insert the following: "Revised Statutes, section 3718 (U. S. C., title 34, sec. 561); Revised Statutes, section 3719 (U. S. C., title 34, sec. 562); Revised Statutes, section 3720 (U. S. C., title 34, sec. 563)."

Page 9, after line 2, insert "Revised Statutes, section 3723 (U. S. C., title 34, sec. 573)."

Page 9, after line 10, insert "Revised Statutes, section 3735 (U. S. C., title 41, sec. 13)."

Page 9, after line 22, insert "Act of July 13, 1939 (ch. 265, 53 Stat. 1000; U. S. C., title 10, sec. 313)."

Page 9, line 24, immediately following "sec. 6" insert "and 6a."

Page 10, line 14, strike out "reads" and insert in lieu thereof "read."

Page 12, after line 4, insert subsection (c) as follows:

"(c) The Secretary of the Navy shall have the same authority with respect to contracts of the Department of the Navy as the Secretary of War has with respect to contracts of the War Department under the act of April 10, 1878, as amended (20 Stat. 36, as amended by the act of March 3, 1883, 22 Stat. 487; U. S. C., title 5, sec. 218)."

Page 12, line 5, strike out "(c)" and insert in lieu thereof "(d)."

Page 12, line 6, strike out the period and insert in lieu thereof a comma, and add "effective as of June 30, 1947."

Mr. ANDERSON of California (interrupting the reading of the committee amendments). Mr. Chairman, in view of the fact that most of the committee amendments are simply clarifying and corrective amendments, I ask unanimous consent that the amendments be printed in the RECORD at this point and that they be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

The CHAIRMAN. The question is on the committee amendments.

The committee amendments were agreed to.

Mr. BENDER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I would like to inquire of the chairman of the subcommittee as to the attitude of the Comptroller General on this bill.

Mr. ANDERSON of California. I shall be glad to answer the gentleman's question, as I did in my remarks on the floor of the House earlier today. The Comptroller General approved the bill as originally introduced, and this morning, after the bill had been reported out by the full committee as amended, I called him up to ask him his attitude toward this legislation. He said he was delighted that the committee had reported it out and he was glad to see that the committee had also written other safeguards into the bill, and that his office was solidly behind this legislation.

Mr. BENDER. I would like to ask further if the General Accounting Office is satisfied with the manner in which the Army and Navy Departments are cooperating or refusing to cooperate with the General Accounting Office in supplying certain information.

Mr. ANDERSON of California. I did not take that question up with the General Accounting Office, I will advise the gentleman from Ohio.

Mr. BENDER. I heard the gentleman's opening statement and his comment regarding Lindsay Warren, one of America's finest public servants. During the last 5 years the General Accounting Office has done an excellent job in recovering money for the taxpayers as a result of Army and Navy Department deficiencies. The Federal Treasury has been reimbursed as follows: For the year 1943, over \$18,000,000; for the year 1944,

over \$39,000,000; for 1945, \$86,000,000; for the year 1946, \$112,000,000; and up to January 31, 1947, \$85,000,000. The Accounting Office has just scratched the surface.

I have heard some of the tributes paid to the procurement divisions of the Army and Navy, and all the beautiful words that have been spoken commending them, but I say there is plenty of room for improvement. I trust that this bill will help in that situation.

I question, however, the bill having been sent to the Committee on Armed Services. It should have been sent to the Committee on Expenditures, where all measures pertaining to procurement belong.

I am sure Mr. Warren has not on all occasions been satisfied with the manner in which procurement has been handled by the Army and Navy. However, if he considers this a good bill, of course it should pass and pass unanimously.

Mr. BATES of Massachusetts. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the bill before the Committee today has been thoroughly discussed and considered by the Subcommittee of the Committee on Armed Services over a period of many weeks. We have had very extensive hearings and discussed the matter from every viewpoint, because of the magnitude of the problem involved in procuring not only millions but hundreds of millions of dollars of supplies and matériel as the years go on.

The foreword of this bill, as you probably know, is predicated on what we might well say are the emergency needs of the services.

For the benefit of some Members of the House who do not know the background of the bill and the part the subcommittee played in this matter, we discovered as we went along in the analysis of the bill that the word "services" as interpreted by the War Department embraced even the procurement of buildings, the construction of buildings and public works, sewers, highways, and everything of that description. That is a far-reaching interpretation of the word "services." However, once we had that construction and interpretation placed upon the word "services," we immediately determined to safeguard the interests of the people of the country so far as competition is concerned, in the development of specifications, the approval of plans, and the submission of bids, so that under the provisions of this bill every project embracing buildings, highways, and public works of every description, must be advertised and the award made on the basis of competition to the low bidder.

I can well understand the part the Comptroller General played during the war period and after the war period in the scrutinizing of all accounts, but after all, as a representative of the Congress of the United States, the Comptroller General's duty is to analyze expenditures of every branch of the Government. With his vast organization that is available for that purpose he may well bring to light perhaps many things that were

overlooked by department heads, and then in the interest of the people make provisions for refunds to the Government.

On the other hand, when we think of the \$300,000,000 or more that was spent by the armed services during this great war period, I think we can pass out also a few compliments to them in respect to the efficiency with which they operated not only along the battle-fronts of the world but also in the procurement of these necessary materials, supplies, arms, and tools of war that made it possible for us to win this great conflict and bring peace to the world again.

As we survey the past 8 or 10 years we can well feel proud of the Naval Affairs Committees of the House and Senate and the Military Affairs Committees of the House and Senate, now combined in what is known as the Committee on Armed Services, for the job they have done, ably led in the case of the Committee on Naval Affairs by the splendid gentleman from Georgia [Mr. VINSON], who did a magnificent job in initiating and giving impetus to the program of getting ships and naval facilities into the front line of action in order that we could bring this victory about in the quickest possible time.

This bill has been well considered from every viewpoint. We think it is in the interest of economy and efficiency of our armed forces. I trust the bill will be unanimously approved by the House.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. SCHWABE of Oklahoma, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H. R. 1366) to facilitate procurement of supplies and services by the War and Navy Departments, and for other purposes, pursuant to House Resolution 146, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gross.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

AMENDING THE FEDERAL RESERVE ACT

Mr. CHENOWETH. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 148 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself

into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 2413) to amend the Federal Reserve Act, and for other purposes. That after general debate, which shall be confined to the bill and shall not exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. CHENOWETH. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, the adoption of this resolution makes in order the consideration of H. R. 2413, a bill to amend the Federal Reserve Act, and for other purposes. This bill continues the authority which the 12 Federal Reserve banks now have to buy Government securities, up to the amount of \$5,000,000,000, direct from the Treasury Department, and also continues their authority to sell Government securities direct to the Treasury Department.

This bill has been reported favorably by the Committee on Banking and Currency. There is a minority report signed by two members of the committee. This is an open rule providing for 2 hours of general debate, to be confined to the bill, the time to be equally divided and controlled by the chairman and the ranking minority member of the Committee on Banking and Currency.

Mr. Speaker, from the time of their creation in 1913 until the enactment of the National Banking Act of 1935, Federal Reserve banks were authorized to make direct purchases of Government securities from the Treasury Department. The Banking Act of 1935 revoked this authority, however, and the Federal Reserve banks then had to make all purchases of Government securities on the open market. Under this system, the Treasury had no direct source from which to obtain large sums of money on short notice; and, therefore, had to maintain large cash balances for refunding maturities of public debt, and for other contingencies. Buying and selling transactions in Government securities between the Federal Reserve banks and the Treasury Department were again authorized under title IV of the Second War Powers Act of 1942, which amended section 14 (b) of the Federal Reserve Act. As title IV of the War Powers Act expires the last day of this month, H. R. 2413 is necessary to extend its provisions beyond March 31.

The committee does not feel that this direct-purchase authority should be made permanent, and recommends that the same terminate on June 30, 1950. In other words, this bill merely extends existing authority to that date.

Mr. CHENOWETH. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio [Mr. SMITH].

Mr. SMITH of Ohio. Mr. Speaker, reading the majority report on this bill one gets the impression that it is a very

innocent bill and much to be desired. But upon looking into it carefully, I think you will agree that it is not quite as simple and as innocent as it might appear.

Here is what 46 members of the National Committee on Monetary Policy think of this measure:

Forty-six Members urge Congress to repeal all authority of the United States Treasury to sell its securities directly to the Federal Reserve banks.

That has reference to the authority which now exists under the Second War Powers Act. The statement is as follows:

**ECONOMISTS' NATIONAL
COMMITTEE ON MONETARY POLICY,
New York, N. Y.**

**FORTY-SIX MEMBERS URGE CONGRESS TO REPEAL
ALL AUTHORITY OF THE UNITED STATES TREASURY
TO SELL ITS SECURITIES DIRECTLY TO THE
FEDERAL RESERVE BANKS**

We, the undersigned, members of the Economists' National Committee on Monetary Policy, urge Congress not to pass that portion of H. R. 2233 which authorizes the Federal Reserve banks to purchase Government securities directly from the United States Treasury in an amount held at any one time up to \$5,000,000,000.

Such authority, granted under the Second War Powers Act of March 27, 1942, was subject to a time limit which expires March 31, 1947. The present bill, even though the war has ended, contains no time limit.

(After the members of the Economists' National Committee on Monetary Policy had recorded their judgment on H. R. 2233, the House Committee on Banking and Currency, on March 10, reported out a bill, H. R. 2413, which provides for the renewal of the requested authority for a period of 3 years. An identical bill, S. 828, was introduced in the Senate on the same date by Senator TOBEY. It should be noticed, however, that the next to last paragraph of this signed statement says that "Even though the Treasury was granted such emergency power during the war, such authority now is clearly unnecessary and is unsound in principle."—W. E. Spahr, executive vice president.)

The flotation of Government securities should be tested in the market place unless some emergency arises which is so great that the Government cannot wait for popular subscription and must resort to direct monetization of the Federal debt as an unfortunate feature of the emergency.

The requirement that the Government, in times of peace, go to the people in the open-money markets for its borrowings is sound for the reason that the people are provided with one means of exercising some direct control over the public purse.

Even though the Treasury was granted such emergency power during the war, such authority now is clearly unnecessary and is unsound in principle. The Treasury should not request it; the Federal Reserve authorities should urge that it not be granted; and Congress should refuse to enact any such proposal into law.

We also urge the repeal of section 43 (a), (2), of the act of May 22, 1933, which authorizes the Secretary of the Treasury and Federal Reserve authorities to enter into agreements under which the Reserve banks may make direct purchases of United States securities from the Treasury "in an aggregate sum of \$3,000,000,000 in addition to those they may then hold."

Benjamin M. Anderson, University of California, at Los Angeles; Charles C. Arbuthnot, Western Reserve University; James Washington Bell, Northwestern University; William A. Berridge, Metropolitan Life Insurance Co., New York City; Ernest L. Bogart, New

York City; Frederick A. Bradford, Lehigh University; J. Ray Cable, Missouri Valley College; Wilbur P. Calhoun, University of Cincinnati; William W. Cumberland, Ladenburg, Thalmann & Co., New York City; Rev. B. W. Dempsey, S. J., St. Louis University; William E. Dunkman, the University of Rochester; D. W. Ellsworth, E. W. Axe & Co., Inc., Tarrytown, N. Y.; William D. Ennis, Stevens Institute of Technology; Fred R. Fairchild, Yale University; Charles C. Fichtner, Buffalo, N. Y.; Clyde Olin Fisher, Wesleyan University; J. Anderson Fitzgerald, the University of Texas; Roy L. Garis, University of Southern California; Lewis H. Haney, New York University; E. C. Harwood, American Institute for Economic Research; Hudson B. Hastings, Yale University; William F. Hauhart, dean emeritus, Southern Methodist University; Frederick C. Hicks, University of Cincinnati; John Thom Holdsworth, the University of Miami; Donald L. Kemmerer, University of Illinois; William H. Klekhofer, the University of Wisconsin; Frederic E. Lee, University of Illinois; J. L. Leonard, University of Southern California; Philipp H. Lohman, University of Vermont; A. Wilfred May, executive editor, the Commercial and Financial Chronicle, New York City; Roy W. McDonald, Donovan, Leisure, Newton, Lumbard & Irvine, New York City; Margaret G. Myers, Vassar College; Melchior Palyl (with one reservation), Chicago, Ill.; Frank Parker, University of Pennsylvania; Clyde W. Phelps, University of Southern California; Charles L. Prather, University of Texas; Leland Rex Robinson, 2 West Forty-fifth Street, New York City; R. G. Rodkey, University of Michigan; Olin Glenn Saxon, Yale University; Walter E. Spahr, New York University; Alvin S. Tostlebe, the College of Wooster; James B. Trant, Louisiana State University; Russell Weisman, Western Reserve University; Nathaniel R. Whitney, the Proctor & Gamble Co., Cincinnati; Edward Wiest, University of Kentucky; Maxi Winkler, College of the City of New York.

I shall refer to the last paragraph again later. This statement is signed by such men as Benjamin M. Anderson, Ernest Bogart, James Washington Bell, Frederick A. Bradford, and many others whom I know by reputation or personally and consider to be sound in their thinking on money.

Mr. Speaker, I ask unanimous consent to include this entire statement in my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Ohio? There was no objection.

Mr. CHENOWETH. Mr. Speaker, I have no further requests for time and therefore I move the previous question. The previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. WOLCOTT. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 2413) to amend the Federal Reserve Act, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 2413, with Mr. VAN ZANDT in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Michigan [Mr. WOLCOTT] is recognized for 1 hour and the gentleman from Kentucky [Mr. SPENCE] will be recognized for 1 hour.

The gentleman from Michigan.

Mr. WOLCOTT. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, the gentleman from Colorado [Mr. CHENOWETH] explained generally what the bill provides. From the time the Federal Reserve Act was originally passed in 1913 to the time when the Banking Act of 1935 was passed the Federal Reserve banks had the authority to buy directly from the Treasury. The Treasury had authority, likewise, to sell directly to the 12 Federal Reserve banks up to \$5,000,000,000. When the Banking Act of 1935 was passed the authority was not continued.

In 1942 the authority was restored by section 1501 of the Second War Powers Act of that year. So, since 1942 the Treasury has had authority to sell, and the Federal Reserve banks have had authority to buy obligations directly from the Treasury up to \$5,000,000,000.

The need for this lies in the fact that on very infrequent occasions the Treasury balances are or might be somewhat in jeopardy due to large withdrawals usually incident to the tax-paying periods, and by reference to the report you will find on page 2 of the report an information which gives the details of how this authority has been used since 1942.

It has been said that the power exists for the purpose of covering overdrafts or conditions which might result in overdrafts. You will notice that it is a day-to-day transaction, that very infrequently is the power exercised for more than 2 or 3 days at a time, with little or no expense to the Federal Treasury.

If this power did not exist in the Federal Reserve banks to buy directly from the Federal Treasury to prevent the reserves from being at a dangerously low point, they would have to sell the obligations in the open market, which would mean, of course, that the Federal Reserve banks could go into the open market, and undoubtedly would go into the open market and buy the same obligations for the same purposes that they would buy under the authority contained in this bill directly from the Treasury.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. BROWN of Georgia. It is my understanding that the authority existed from 1930 to 1935 but that the Federal Reserve was not limited to any particular amount in the buying of bonds and securities from the Treasury.

Mr. WOLCOTT. The gentleman is substantially correct, I believe. There was a provision written into the act of 1933, known as the Thomas amendment, which authorized the purchase directly

of not to exceed \$3,000,000,000 in obligations provided the President made certain findings.

The so-called Thomas amendment, which authorized the purchase directly of \$3,000,000,000 of Government obligations, provided that that practice could only be indulged in when the President upon investigation found one or more of the following conditions to exist; and, without objection, I will read this in:

1. The foreign commerce of the Nation is adversely affected by reason of depreciation in value of the currency of any other government or governments in relation to the present standard value of gold; or

2. Action under this section is necessary in order to regulate and keep the parity of the currency issues of the Nation; or

3. An economic emergency requires an extension of credit; or

4. An extension of credit is necessary to secure by international agreement stabilization at proper levels of currencies of various governments.

At no time was that authority used, because at no time up to the present time did any one of those conditions exist since the authority was given in 1933 under the Thomas amendment.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Ohio.

Mr. VORYS. I find no limitation in the bill before us, but there is a reference to some other part of the Federal Reserve Act. Is there any limitation in the law that would limit the use of this power to the emergency and other special circumstances where it has been used in the past?

Mr. WOLCOTT. It has never been used except as we say to cover these overdrafts or when overdrafts might be expected. By reference to the report you will notice that the amounts have been as low as \$3,000,000, and the highest was on March 15, 1943, a taxpaying period, when it went up to \$1,302,000,000. It has never been used for any other purpose than to create a situation which would authorize the Treasury to operate with a smaller cash balance than would otherwise be necessary if this power did not exist.

Mr. VORYS. Mr. Chairman, if the gentleman will yield further, if the utmost use that has ever been made of it was \$1,302,000,000, what is the reason for needing an authority of \$5,000,000,000?

Mr. WOLCOTT. I think we might hope, perhaps, that we will never have to use it, but it would not make any particular difference if they did use up to five billion. Mr. Eccles testified that we would be on much safer grounds if he had authority to buy up to ten billion. We have got to take into consideration that from now on we will be having refund operations incident to a \$260,000,000,000 debt, and we have not had any of these transactions up to the present time in any large quantity, but as soon as the obligations of the Government start maturing and we go into these refunding transactions, and the Treasury draws down its balances to retire current issues, there might be occasion when temporarily, for a few days at a time, up to the time new issues can be marketed,

that the Federal Reserve would have to step in and bolster up the actual cash reserve. So it is not in the interest of stabilization to restrict the power any less than five billion. I suppose some will take issue with me in this respect, but it is not the Government's money that is being used for this purpose. It is the Federal Reserve banks which buy the obligations from the Treasury, and they buy from the Treasury instead of buying them in the open market. I hope the time will never come when the Federal Government cannot use its central banking system, the Federal Reserve System, to stabilize its balances to a point where it will help to prevent fluctuations in the value of the currency. That is one of the reasons why it is desirable at this time to grant this authority. The Federal Reserve can go into the open market and buy these obligations if they cannot buy them directly, and it might cost the Government in refunding charges many millions of dollars more than it would for the Federal Reserve banks to buy directly from the Treasury.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. SPENCE. Mr. Chairman, there is no opposition to the passage of this bill from the minority members of the committee. It seems to me it is a very simple and common-sense device to take care of the overdrafts of the Treasury. This power was granted in the original Federal Reserve Act of 1913, and the power was retained until 1935 without limitation as to the amount that could be purchased. It was not included in the Banking Act of 1935.

In the Second War Powers Act of 1942 it was again conveyed to the Federal Reserve banks. That authority will expire on the 31st of this month. The authority had been used with moderation.

As the chairman of the committee has said the greatest amount of direct obligations that has ever been purchased from the Treasury at one time by the Federal Reserve banks, under authority of this statute, was \$1,302,000,000. The Treasury pays one-fourth of 1 percent per annum on these obligations. I cannot see how anybody can have any apprehension as to the effect of this, nor are there any sinister implications in its passage.

You have heard something said about the Thomas amendment contained in the Banking Act of 1933. Not one dollar of direct obligations has ever been purchased under the Thomas Act and, as the gentleman from Michigan has said, the conditions have never existed that would permit those purchases.

I think the purpose of the bill is clearly defined and the authority cannot be abused. It is an expeditious and practical way to take care of the overdraft in the Treasury. There are no dangers that lurk in it as to the monetization of our public debt as some seem to fear. Originally there was no limitation on the power to purchase these direct obligations. Here the limitation is \$5,000,000,000, less than 2 percent of the outstanding public debt in the United States, and that authority under this act will expire

on June 30, 1950. I hope the bill will pass.

Mr. WOLCOTT. Mr. Chairman, I yield 15 minutes to the gentleman from Ohio [Mr. SMITH].

Mr. SMITH of Ohio. Mr. Chairman, Mr. SPENCE, the ranking member of the minority side of the Committee on Banking and Currency, stated that no one on his side of the House was opposed to this bill. That was to be expected.

The citizens of the Nation elected a Republican Congress last fall and gave it a mandate to relieve them of the many troublesome and harassing New Deal controls that have been imposed upon them.

I think it not inappropriate in connection with this bill to emphasize this fact to the newly elected Republican Congressmen, especially those from closely contested districts. The sentiment for relief from political controls was an important factor in your districts in deciding your election contests.

Before us we have a bill to extend another wartime control. H. R. 2413, known as the Wolcott bill, proposes the extension of a New Deal, or totalitarian, measure to perpetuate certain war powers, and one of the most vicious of such powers, namely, that to permit the Treasury to create fiat money to meet general-fund shortages. The measure is potentially highly inflationary.

The usual New Deal technique is being resorted to for keeping alive what allegedly was to be only temporary legislation enacted to meet a war emergency, sweetening it by stressing that the extension is only for a limited period to meet a passing need, and depending upon Government officials with an ax to grind to show the necessity for it and their usual solemn promise that they will never abuse the law but always use it wisely, and so forth.

Specifically the Wolcott bill provides for extending until 1950 that part of the Second War Powers Act which authorizes the Treasury to borrow directly from the Federal Reserve an amount up to \$5,000,000,000. Direct resort by the Treasury to the central bank—Federal Reserve—follows the classical pattern for uncontrolled inflation.

The proponents of this bill base their approval of it mainly on the ground that the authority here requested is nothing new; that it was used from the inception of the Federal Reserve System until 1935 and again from 1942 to the present time.

Strange to say, it was repealed in 1935 by the New Deal administration on the ground that it was a dangerous measure. Now the New Deal Party is back defending this very measure which it condemned in 1935.

The proponents of the bill also say that the authority has not been misused; that it has supplied an urgent need; and further that it provides a means whereby the Treasury can borrow money without having to pay interest.

Mr. Eccles, Chairman of the Board of Governors of the Federal Reserve—the only witness to appear before the committee—requested that the limit of the amount of funds to be raised under the bill should be \$10,000,000,000 in-

stead of five; he also wanted the legislation to be made permanent, as provided in the first Wolcott bill.

He stated that the purposes of the legislation were to provide the Treasury with the overdraft privilege, "a line of credit on which it could call at a moment's notice," to meet conditions where "the market situation was not satisfactory or favorable," or "for any purpose that was in the interest of the Government to use it," and to avoid paying interest on "idle balances" in the Treasury.

Is the New Deal asking for this power only for the purpose of meeting temporary shortages in the general fund? Not according to Mr. Eccles' statement, surely.

Why should not the Government pay interest on money it borrows, regardless of the purposes for which it may be used? "Oh," you say, "it is only for a day, or a week, or a month, that the Government wants to borrow money for nothing." If this be a perfectly innocent transaction, then why not authorize the Government to borrow money for 6 months, or a year, or 10 years, or 50 years, without having to pay any interest; and if for five billions, why not for ten, or fifty, or one hundred? Will some Member rise in his place and give an intelligent answer to these questions?

Mr. Eccles' statement to the committee that the power requested in the pending measure might be needed to meet a situation where the Government's credit was under a strain ought to be of the greatest interest to the Congress and the Nation.

To fully appreciate the significance of this request, we must examine the background of the thinking that brought it here. The policies of the Federal Reserve and the Treasury are the policies of the New Deal administration. It is notorious that the administrations in control of the Government since 1933 have consistently pursued a policy of inflation. The New Deal is based on Government printing-press money. Mr. Eccles has himself on numerous occasions given his blessing to this sort of money to finance Government deficits. If for no other reason than that the request for this power comes from those possessed of a fiat money complex it should be defeated.

Of course, anything that has even the possibility of restricting New Deal spending and controls is an anathema to the devotees of this cult. It strives with all its might to hold onto every vestige of power to control and to spend. It is highly allergic to everything that has even the remotest possibility of checking this power.

Is not the cost of living going up fast enough? Do we want more inflation? It cannot be overemphasized that this bill has potential possibilities of enormously exacerbating this greatest of all social maladies.

In taking our position on this bill we Republicans should keep in mind that almost everyone of us voted for the \$6,000,000,000 budget cut. To be consistent we must vote against this bill. The \$6,000,000,000 cut is deflationary, while the Wolcott bill now before us is inflationary.

There is no reason why any Republican should vote for this bill; there is every reason why he or she should vote against it. The Treasury will be deprived of no facility whatever for carrying on its normal functions if this request is denied. It can get what emergency funds it needs in the market, as it did from 1935 until 1942. There was no complaint about that arrangement. The cost to the Government to finance such emergency funds as it might need to overcome temporary general-fund shortages is minimal, but in any event proper.

The Republican Members should be reminded that the New Deal already has power under the Thomas amendment and the Gold Reserve Inflation Acts to issue printing press money to an amount exceeding \$5,000,000,000. As previously stated, Mr. Eccles indicated he wanted the pending bill to provide authority to print ten billions more instead of five. What the New Deal wants is unlimited power to issue greenbacks, like Stalin has, and it will get that power if Congress continues to yield to its importunities.

It was the political power to create fiat money—John Law money, Lord Keynes money—that plunged France into despair in the early part of the eighteenth century and into utter ruin at the end of that century. The Bolsheviks intentionally used this device to overthrow the Czar's regime. It was this power that had more to do with creating Hitlerism than anything else. Do we want it to happen in America?

I should like also to remind the Republican Members that this bill is strongly opposed by 46 members of the Economists National Committee on Monetary Policy. I know something of the background of most of these men and consider their judgment on the pending bill to be sound.

Republicans should vote as a block against this bill.

Mr. SPENCE. Mr. Chairman, I yield 3 minutes to the gentleman from Oklahoma [Mr. MONRONEY].

Mr. MONRONEY. Mr. Chairman, I ask unanimous consent to proceed out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. MONRONEY. Mr. Chairman, I am in favor of this bill. I think it is the logical and sensible way to handle the problem of meeting the Government's obligations at taxpaying time, and would be the same principle that every sensible and successful businessman would use. It is a step away from monetizing the public debt rather than toward monetizing it.

What I would like to mention is the sad news that I have just learned that the Rules Committee is reporting to the House shortly a rule for the establishment of another special select committee.

This time we are going to establish a special select committee outside of the framework of the committee structure adopted by reorganization. Again I remind you that this committee structure was recommended by one of the most distinguished Members of the

House, the gentleman from New York [Mr. WADSWORTH].

We are being asked to establish this as a special committee on wildlife and conservation; a new committee allegedly to protect the Nation's wildlife.

I think it is high time that the Congress look at what we are doing in tearing down the reorganized committee structure. We have a complete duplication in this case as we have had in most other cases.

But it is a little clearer here, because we have a subcommittee of the Committee on Merchant Marine and Fisheries already charged with this specific duty. I understand we are going to reestablish this old special committee that is a hang-over for 10 or 12 years past because a few people want it and a few members of the committee think it would be very nice to continue to work on it.

The proposed special committee has not any power to report legislation. It can only study as it has for 10 or 12 years past, and then issue documents and publications without the power to report or pass any legislation.

I think it is high time that we look at what we are doing. We are tearing down almost every week, by nibbling away, the structure of a very fine committee arrangement. This committee structure was the result of long study and careful consideration by the joint nonpartisan committee of the two Houses of Congress. It is high time we called a halt to this violation of the jurisdiction of our standing committees.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. GAMBLE. Mr. Chairman, I yield 10 minutes to the gentleman from Nebraska [Mr. BUFFETT].

Mr. BUFFETT. Mr. Chairman, since this Congress came into session about 2½ months ago we have spent a great deal of time talking about various problems. We have not acted on the problems that we talked about in the campaign.

Most of us on both sides of the aisle declared we were going to end the war emergency powers. We pledged that we were going to stop inflation. So I have been reminded, since I came back, a great many times of a phrase in Scripture, where the lowly Nazarene going into the temple said:

The scribes and the Pharisees sit in Moses' seat:

All therefore whatsoever they bid you observe, that observe and do; but do not ye after their works: for they say, and do not.

I am wondering if we in Congress are going to be in the position of saying but doing not, for this bill is an emergency war power. It is an inflationary device. Those two facts cannot be successfully refuted. This was an emergency war power and has inflationary features. If there have been any emergency war powers repealed in this Congress, they have escaped my attention.

Mr. COLE of Kansas. Mr. Chairman, will the gentleman yield?

Mr. BUFFETT. I yield.

Mr. COLE of Kansas. Will the gentleman explain how it is an inflationary power?

Mr. BUFFETT. Yes; I am coming to that.

This bill would give the Federal Reserve System the right to buy up to \$5,000,000,000 of bonds or Treasury notes and give the Treasury credit on its books. That makes possible fiat money inflation. That is exactly the same device that was used in Germany with their central bank during the great German inflation.

I have had people tell me that they were not going to worry about inflation until Government bond prices went down; yet, if you will look at history I think you will find that in Germany throughout their great inflation the price of Government bonds never went down. The Central Bank bought the Government bonds from the German treasury. They kept the bond right at par while inflation went into astronomical figures.

This bill would give our Treasury that same gadget for inflation that the Germans used. Only it is the Federal Reserve bank here and it was the Central Bank in Germany. So, this bill provides a straight-out inflationary device.

Mr. COLE of Kansas. Mr. Chairman, will the gentleman yield further?

Mr. BUFFETT. I yield.

Mr. COLE of Kansas. Based upon the history of the actions taken under the previous bill and based upon the limitations of the bill, would the gentleman think it would be very strongly inflationary?

Mr. BUFFETT. Indirectly, yes. It is like many other economic narcotics. It may be used a little and it will not hurt too much, but it is habit forming and self-accelerating.

It is an almost required piece of machinery for large-scale inflation. That was true when France had fiat money inflation a hundred and fifty years ago. They started by saying they were going to issue only \$400,000,000 worth of assignats. They started with \$400,000,000 but then went from issue to issue, with each issue promised as the last. This proposes only \$5,000,000,000, but can you stop at that point? The smoldering fires of inflation are threatening our economic structure. You will recall the President's statement the other day when he said that the savings of the people were wiped out by inflation in Greece and that was the reason communism was a threat to Greece—the savings were wiped out.

Here we are being asked to pass a bill that is an inflationary device, that is a war-power device, that is a device that has been used in every inflation in history. To be sure, it is not the inflation itself because it is deficit spending that creates inflation. This simply makes it easy, makes it possible for the Government to quietly conceal the effects of inflation on the money markets.

This power might be compared to removing the brake from your automobile. You can take the brakes off your automobile and if you are a good driver you may possibly get by with it. But it is a dangerous idea, especially if your car is in the hands of drivers who have had a record of reckless driving.

Normally the Treasury goes into the open market and sell its bonds to investors. In that way the people of this country have a chance to appraise what

the Treasury is doing. This gives the people a control of the Treasury's action. That is why we pointed out in the minority report that this power is a totalitarian device. It removes eventually from the people the power to pass judgment on the Treasury's borrowing.

As I say, this scheme is not inflation itself because it is just an inflationary accessory. And when not measured against the aggregate of other inflationary factors in our economics the bill by itself does not seem to be terribly important.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. BUFFETT. I yield.

Mr. BROWN of Georgia. The bill we considered in the committee the other day had a provision relating to the construction of branch bank buildings. That is not in the present bill, is it?

Mr. BUFFETT. No; I believe not. I have not devoted my attention to that aspect of it, because to me the inflationary power involved is the important objective that we are dealing with.

In the paper yesterday I read where the price of gold in India is now \$82, while our official price is \$35. The price of gold in Egypt is \$65 to \$75 as against our legal price of \$35. The price of gold in Palestine is \$86 an ounce as compared to our price of \$35.

Those prices of gold in other parts of the world indicate the deterioration of paper money that is taking place everywhere. That deterioration is reflected in the value of our currency throughout the world. That deterioration will be ultimately accentuated by the passage of any measure that makes inflation easier in this country.

There is no point in us going to the country again and again and saying that we are against inflation, and we are going to stop inflation, if we are going to set up for the Federal Reserve and the Treasury all the standard devices and all the machinery to bring about inflation in this country.

The effect, as you have been told, is that this is an overdraft arrangement. Well, we have been having overdrafts in this country now for 16 years, and it seems to me it is a good time to stop.

Mr. SMITH of Ohio. Mr. Chairman, will the gentleman yield?

Mr. BUFFETT. I yield to the gentleman from Ohio.

Mr. SMITH of Ohio. Yet it should be emphasized that this is the classical method, the classical device, for uncontrolled inflation.

Mr. BUFFETT. Well, it is hard to get across at this stage of inflation just how tragic this process is.

I recently read an excerpt about a British experiment. It seems a scientific group took a frog and put him in a pan of cold water, and then they gradually warmed that water to a point where the frog was boiled to death, but at no point in that procedure did a change of temperature take place sharp enough so that the frog was disturbed to the point of jumping out of the water. Inflation in America proceeds along that pattern, and confirming signs have been evident for some time.

Conditions have been pleasant for the people of this country. Wheat yesterday reached \$3 a bushel in Chicago. Now, the farmer may not worry very much about that, although we, as Members of Congress, probably will worry about it when we begin to hear from the city folks about the price of bread.

All the way across our country the people have lots of money, lots of savings in the bank, and we think they are in pretty good financial condition, so we have been gradually warmed up like the frog was. Congress has not reached a point where it is ready to jump out of this pan of hot water.

The reason we are not willing to jump out is that we have been politically comfortable during this process of a quiet inflation.

That is exactly what this bill is designed to continue. You can vote for it without disturbing your political peace of mind, but the time will come when you will rue the day. Adding to the distress of those of us who have tried to warn you of an ultimate economic Pearl Harbor will be our feeling of frustration at our inability to awaken our colleagues to the dangers ahead.

Mr. WOLCOTT. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That, notwithstanding the provisions of section 1501 of the Second War Powers Act, 1942, as amended, section 14 (b) of the Federal Reserve Act, as amended (U. S. C., 1940 edition, Supp. V, title 12, sec. 355), is hereby amended by striking out the proviso in such section 14 (b) and inserting in lieu thereof the following: "Provided, That, notwithstanding any other provision of this act, (1) until July 1, 1950, any bonds, notes, or other obligations which are direct obligations of the United States or which are fully guaranteed by the United States as to principal and interest may be bought and sold without regard to maturities either in the open market or directly from or to the United States; but all such purchases and sales shall be made in accordance with the provisions of section 12A of this Act and the aggregate amount of such obligations acquired directly from the United States which is held at any one time by the 12 Federal Reserve banks shall not exceed \$5,000,000,000; and (2) after June 30, 1950, any bonds, notes, or other obligations which are direct obligations of the United States or which are fully guaranteed by the United States as to principal and interest may be bought and sold without regard to maturities but only in the open market. The Board of Governors of the Federal Reserve System shall include in their annual report to Congress detailed information with respect to direct purchases and sales from or to the United States under the provisions of the preceding proviso."

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. VAN ZANDT, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H. R. 2413) to amend the Federal Reserve Act, and for other purposes, pursuant to House Resolution 148, he reported the bill back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and on a division (demanded by Mr. SMITH of Ohio) there were—ayes 51, noes 11.

Mr. SMITH of Ohio. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Obviously a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken, and there were—yeas 308, nays 55, not voting 69, as follows:

[Roll No. 23]

YEAS—308

Abernethy	Doiliver	Javits
Albert	Domengeaux	Jenison
Allen, Calif.	Donohue	Jennings
Allen, Ill.	Dorn	Jensen
Allen, La.	Doughton	Johnson, Ind.
Almond	Douglas	Johnson, Okla.
Anderson, Calif.	Drewry	Jones, Ala.
Andresen	Durham	Jones, N. C.
August H.	Eaton	Jones, Wash.
Andrews, Ala.	Eberharter	Jonkman
Andrews, N. Y.	Elliott	Judd
Angell	Ellsworth	Karsten, Mo.
Bakewell	Engel, Mich.	Kean
Banta	Evins	Kearney
Barden	Fallon	Keating
Barrett	Fellows	Kee
Bates, Ky.	Fenton	Kefauver
Bates, Mass.	Fisher	Kelley
Battle	Fletcher	Kennedy
Beall	Fogarty	Kerr
Beckworth	Folger	Kersten, Wis.
Bell	Foot	Killburn
Bennett, Mich.	Forand	Kling
Blackney	Fulton	Kirwan
Blatnik	Gamble	Knutson
Boggs, Del.	Gary	Kunkel
Boggs, La.	Gathings	Landis
Bolton	Gearhart	Lane
Bonner	Gifford	Lanham
Bradley, Calif.	Gillette	Larcade
Bramblett	Gillie	Latham
Brooks	Goff	Lea
Brophy	Gordon	LeCompte
Brown, Ga.	Gore	LeFevre
Brown, Ohio	Gorski	Lesinski
Bryson	Gossett	Lodge
Buchanan	Grant, Ala.	Love
Burke	Grant, Ind.	Lucas
Burleson	Griffiths	Lyle
Busbey	Gross	Lynch
Camp	Gwynne, Iowa	McConnell
Canfield	Hagen	McCormack
Carson	Hale	McCowan
Case, N. J.	Hall	McDonough
Case, S. Dak.	Edwin Arthur	McDowell
Chadwick	Hall	McMillan, S. C.
Chapman	Leonard W.	McMillen, Ill.
Chelf	Halleck	MacKinnon
Chenoweth	Hand	Madden
Chipperfield	Hardy	Manasco
Clark	Harless, Ariz.	Mansfield
Clason	Harness, Ind.	Mont
Coffin	Harris	Mansfield, Tex.
Cole, Kans.	Harrison	Martin, Iowa
Cole, N. Y.	Havener	Mathews
Colmer	Hays	Meade, Ky.
Combs	Hébert	Meade, Md.
Cooley	Hedrick	Morrow
Cooper	Herter	Meyer
Corbett	Heselton	Michener
Cotton	Hess	Miller, Calif.
Courtney	Hill	Miller, Conn.
Crosser	Hinshaw	Miller, Md.
Cunningham	Hobbs	Mills
D'Alesandro	Hoeven	Mitchell
Davis, Ga.	Holmes	Monroney
Davis, Tenn.	Hope	Morgan
Dawson, Utah	Horan	Morris
Deane	Howell	Morton
Delaney	Huber	Muhlberg
Devitt	Jackson, Calif.	Mundt
D'Ewart	Jackson, Wash.	Murdock
Dingell	Jarman	Murray, Tenn.

Nixon
Norblad
Norman
O'Brien
O'Konski
Pace
Passman
Patterson
Peden
Phillips, Tenn.
Pickett
Ploeser
Poage
Potts
Poulson
Preston
Price, Fla.
Price, Ill.
Priest
Rains
Rayburn
Redden
Reed, Ill.
Rees
Rich
Richards
Riehlman
Riley
Rivers
Rizley
Robertson

Rogers, Fla.
Rogers, Mass.
Rohrbough
Rooney
Ross
Russell
Sabath
Sadiak
Sadowski
Sanborn
Sarbacher
Sasser
Scott, Hardie
Seely-Brown
Shafer
Sikes
Simpson, Ill.
Smathers
Smith, Kans.
Smith, Maine
Smith, Va.
Smith, Wis.
Snyder
Somers
Spence
Springer
Stanley
Stevenson
Stigler
Stockman

Stratton
Taber
Talle
Teague
Thomas, N. J.
Thomas, Tex.
Thomason
Tollefson
Towe
Trimble
Twyman
Vail
Vursell
Wadsworth
Walter
Welchel
Welch
West
Wheeler
Whittington
Wigglesworth
Williams
Wilson, Ind.
Willson, Tex.
Winstead
Wolcott
Wolverton
Wood
Woodruff
Youngblood
Zimmerman

Mr. Phillips of California with Mr. Hart.
Mr. Hull with Mr. Philbin.
Mr. Taylor with Mr. Marcantonio.
Mr. Mason with Mr. Kilday.
Mr. Dondero with Mr. Heffernan.

Mr. VAN ZANDT, Mr. CROW, Mr. REEVES, and Mr. RANKIN changed their vote from "yea" to "nay."

Mr. SHAFER and Mr. RICH changed their vote from "nay" to "yea."

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

DISTRIBUTION AND PRICING OF SUGAR

Mr. HALLECK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. HALLECK. Mr. Speaker, I have asked for this time in order to announce to the Members of the House that we propose at this time to call up the rule on the so-called sugar bill. The bill was scheduled for consideration tomorrow, but in view of the fact that we have gotten along so well with the two bills that have been considered today it was thought that we could expedite the consideration and final determination of the measure tomorrow by proceeding with the adoption of the rule this evening.

I make this announcement only because this was not scheduled for today, but I am quite sure that no one could object to our proceeding with the adoption of the rule. I have discussed the matter with the minority leader, who expresses himself as in agreement with this procedure.

INTERPARLIAMENTARY UNION

Mr. EATON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. EATON. Mr. Speaker, Senator BARKLEY will hold a meeting of those interested in the Interparliamentary Union in his Capitol office, which is the old robing room of the Supreme Court in the Capitol Building, at 10 o'clock Saturday morning. All interested in the Interparliamentary Union are cordially invited to be present. I may say there will be no collection taken.

EXTENSION OF REMARKS

Mr. BENNETT of Missouri and Mr. HEBERT asked and were given permission to extend their remarks in the RECORD.

Mr. BLAND (at the request of Mr. JACKSON of Washington) was given permission to extend his remarks in the RECORD.

Mr. BROOKS asked and was given permission to extend his remarks in the RECORD and include an editorial On Dissolving the Draft.

Mr. KENNEDY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include a letter of congratulation on the seventy-fifth

NAYS—55

Andersen, Engle, Calif.
H. Carl
Arnold
Bender
Bennett, Mo.
Bishop
Buck
Buffett
Butler
Byrnes, Wis.
Church
Clevenger
Clippinger
Cole, Mo.
Crow
Curtis
Dague
Ellis
Elston

NOT VOTING—69

Arends	Flannagan	Morrison
Auchincloss	Fuller	Norrell
Bland	Gallagher	Norton
Bloom	Gerlach	O'Toole
Boykin	Granger	Patman
Bradley, Mich.	Gregory	Peterson
Brehm	Gwinn, N. Y.	Pfeifer
Buckley	Hart	Philbin
Bulwinkle	Hartley	Phillips, Calif.
Byrne, N. Y.	Heffernan	Plumley
Cannon	Hendricks	Powell
Carroll	Hollfield	Rabin
Celler	Hull	Rayfiel
Clements	Jenkins, Pa.	Scott
Coudert	Johnson, Calif.	Hugh D. Jr.
Cox	Johnson, Tex.	Sheppard
Cravens	Keogh	Simpson, Pa.
Crawford	Kilday	Sundstrom
Dawson, Ill.	Klein	Taylor
Dirksen	Lusk	Vinson
Dondero	Macy	Whitten
Elsaesser	Mahon	Worley
Feighan	Marcantonio	
Fernandez	Mason	

So the bill was passed.

The Clerk announced the following pairs:

General pairs until further notice:

Mr. Arends with Mr. Flannagan.
Mr. Sundstrom with Mr. Clements.
Mr. Crawford with Mr. Keogh.
Mr. Simpson of Pennsylvania with Mrs. Norton.
Mr. Macy with Mr. Feighan.
Mr. Auchincloss with Mr. Vinson.
Mr. Bradley of Michigan with Mr. Rayfiel.
Mr. Hartley with Mr. O'Toole.
Mr. Plumley with Mr. Dawson.
Mr. Hugh D. Scott, Jr., with Mr. Gregory.
Mr. Dirksen with Mr. Fernandez.
Mr. Fuller with Mr. Klein.
Mr. Gallagher with Mr. Pfeifer.
Mr. Brehm with Mr. Rabin.
Mr. Jenkins of Pennsylvania with Mr. Morrison.
Mr. Gwinn of New York with Mr. Cox.

anniversary of the East Boston Branch of the Boston Public Library, the oldest branch library in the United States.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

SPECIAL ORDER GRANTED

Mr. GAMBLE. Mr. Speaker, I ask unanimous consent that on Tuesday next, at the conclusion of the legislative program of the day and following any special orders heretofore entered, the gentleman from New Jersey [Mr. AUCHINCLOSS] may be permitted to address the House for 15 minutes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

DISTRIBUTION AND PRICING OF SUGAR

Mr. WADSWORTH. Mr. Speaker, I call up House Resolution 149 and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of House Joint Resolution 146, to extend the powers and authorities under certain statutes with respect to the distribution and pricing of sugar, and for other purposes, and all points of order against the said joint resolution are hereby waived. That after general debate, which shall be confined to the joint resolution and continue not to exceed 3 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the joint resolution shall be read for amendment under the 5-minute rule. It shall be in order to consider without the intervention of any point of order the substitute amendment recommended by the Committee on Banking and Currency now in the bill and such substitute for the purpose of amendment shall be considered under the 5-minute rule as an original bill. At the conclusion of such consideration, the Committee shall rise and report the joint resolution to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the joint resolution and the amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. WADSWORTH. Mr. Speaker, the adoption of this resolution would make in order the immediate consideration of House Joint Resolution 146, to extend the powers and authorities under certain statutes with respect to the distribution and pricing of sugar, and for other purposes. Generally, this bill would transfer to the Secretary of Agriculture all controls on sugar. At present, the Government controls sugar through powers granted by four acts, all of which expire before July 1 of this year. The Emergency Price Control Act of 1942 and the Stabilization Act of 1942 both expire June 30, 1947. The provisions of title III of the Second War Powers Act of 1942 that relate to sugar and title 14 of that act will expire the last day of this month; and section 6 of the act of July 2, 1940, will expire on June 30 of this year. House Joint Resolution 146 would extend the sugar controls provided in these acts until October 31, 1947, with the right to

exercise inventory controls until March 31, 1948.

There is also a provision in House Joint Resolution 146 for allocation of sugar to new businesses with no base period. Under existing law, sugar is allocated on the basis of the amount used in 1941. This regulation prevents new businesses from entering fields where sugar is necessary to their operation. In addition to providing for the sugar needs of these new enterprises with no base-period history, this joint resolution also instructs the Secretary of Agriculture to allocate sugar in hardship cases, especially where milk or other food products would be wasted unless sugar is made available to preserve them.

In reporting this joint resolution, the Committee on Banking and Currency pointed out that there might be excessive price increases if sugar controls were allowed to expire at this time. This might cause a serious dislocation of our economy, and hardship for many of our citizens. The subject of sugar is very technical. That you may be fully informed on the provisions and the need for House Joint Resolution 146, the Committee on Rules has provided 3 hours in which the chairman, the ranking minority member, and other members of the Banking and Currency Committee can explain the measure, and answer questions on its provisions. Time is an important factor in regard to this joint resolution as some of the powers which it extends would otherwise lapse at the end of this month. Therefore, the rule protects the measure from dilatory action by waiving points of order. Amendments may be offered under the 5-minute rule to the joint resolution as reported; any substitute amendment recommended by the Committee on Banking and Currency shall be considered as an original bill, and amendments to it may also be offered under the 5-minute rule.

Mr. Speaker, I yield 30 minutes to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Speaker, I am indeed gratified by this bill, and I want to congratulate the Committee on Banking and Currency which unanimously reported it. I am pleased because some of the gentlemen who are members of this committee and others used to charge that all of the legislation enacted by the so-called New Deal is bad and vicious.

In view of the present approval of these laws originally passed under a Democratic administration in the interest of the public, I congratulate the Republican gentlemen of the committee that they have seen fit to approve and extend this legislation as has been explained by the gentleman from New York [Mr. WADSWORTH].

This bill will extend price control on sugar to October 31, of this year, and inventory control to March 31, 1948. The committee recognized what might happen to prices and to supplies of sugar if this action were not taken. I think it is legislation in the right direction and were it not for the fact that there are 3 hours' general debate provided for under the rule, I would read extracts from the committee's report showing the necessity for this legislation.

As it is I will only point out that provision is made for the needs of hardship cases, for the needs of new users, and for those who have no base-period history.

I am glad that these exemptions have been made. Otherwise it might have been impossible to obtain sugar needed for home consumption.

Inevitably, the large sugar users would have taken advantage, as they always do, of the housewives. Under this bill housewives and home users will be protected, not only in obtaining sugar actually needed, but also in price. If this legislation were not adopted I fear that the price would again be boosted, as many others have been boosted by elimination of the OPA. Of course, this bill wipes out the last of OPA and transfers power and jurisdiction to the Secretary of Agriculture, who is a friend of agriculture and of consumers. I have faith that in his hands the best interests of our country will be protected and safeguarded.

WITHOUT OPA, PRICES WOULD BE FAR HIGHER

Price control under the Office of Price Administration did not function effectively in the last year. It was starved for funds, then emasculated last summer, and now murdered outright by cutting off all appropriations.

Nevertheless, all fair-minded men, and even some Republicans, concede that without its operation inflation would be much greater and prices would have soared much higher. In fact, ever since you came into power, the average cost of living has gone up and, especially, in the last 8½ months, it has risen nearly 60 percent. Consequently, the wage-earner's dollar buys at best one-half of what it did before your determination to destroy this legislation which protected the American consumer.

While in this bill you extend the distribution and price of sugar, you have failed to act upon an extension for housing and rent control. The propaganda by real estate operators and builders has tended to hide the rising cost of construction which has resulted in reducing the building of much needed housing for our veterans and many homeless families.

Mr. WADSWORTH. Mr. Speaker, I have no further requests for time. I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PROGRAM FOR NEXT WEEK

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Texas? There was no objection.

Mr. RAYBURN. Mr. Speaker, will the gentleman from Indiana [Mr. HALLECK] tell us what the program will be for next week? If he can do so now, it would be a great accommodation to many Members. If not, tomorrow will be satisfactory.

Mr. HALLECK. I am not prepared to announce the full program for next week

until tomorrow, but I can say that subject to action by the Ways and Means Committee tomorrow and subsequent action by the Rules Committee, it is our hope that the tax bill will be ready for consideration on the floor Wednesday and Thursday of next week.

PRESERVATION OF ROADLESS AREA IN SUPERIOR NATIONAL FOREST

Mr. BLATNIK. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD regarding a bill I have introduced today.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. BLATNIK. Mr. Speaker, I have today introduced a bill which has as its purpose the preservation of the roadless area of the Superior National Forest in northern Minnesota as a permanent national heritage for ourselves and future generations. The bill authorizes the Secretary of Agriculture, acting through the United States Forest Service, to acquire private lands located within the region for the purpose of consolidating and preserving the remaining border natural forest and lake area as a primitive region for use as a wilderness canoe country.

The Minnesota border territory, famous throughout the country for its interlacing network of scenic canoe routes, is one of the last sizable regions in the United States where the natural attractions of lakes, streams, and forests still remain in a more or less primitive condition. This region is centrally located in the continent and accessible to all who seek rest and recreation in the wilderness. It lies in the Rainy Lake watershed, which embraces boundary lakes and forests in Cook, Lake, and St. Louis Counties in northern Minnesota.

The idea of preserving the natural features of this region for the perpetual use and enjoyment of the public has been the dream of conservationists and sportsmen for over 10 years. The project has the endorsement of the Izaak Walton League of America, the Quetico-Superior Council, the American Legion, the Minnesota Conservation Commission, the Minnesota Arrowhead Association, the regional council of the Boy Scouts of America, the county boards of Cook, Lake, and St. Louis Counties, as well as the fullest support of virtually every sportsman and conservation organization in the United States.

This program for consolidation and protection of the roadless areas is supported not only by the conservationists interested in preserving the natural features of the region for the public benefit, but by the great majority of the resort and business interests of Minnesota, who realize that the border wilderness country is their chief drawing card, and that if it is broken up by private development it will be like killing the goose that lays the golden egg. Seldom has a project of this kind had such widespread and universal support and so little opposition.

Proponents of the project hope to see the establishment of a similar roadless area by the Government of Canada in

the near future, thus merging the proposed Superior National Forest roadless area with the Quetico Park in Ontario into one great wilderness area. This would mean the conservation of a 10,000,000-acre roadless area as a great international forest for the enjoyment of both Canadians and Americans.

It has been proposed that this region, the Quetico-Superior Park, would stand as a fitting memorial to the servicemen of both countries who fought as comrades in both World War I and World War II. This suggestion has the approval of both the American Legion and the Canadian Legion.

Recent developments in northern Minnesota make it mandatory for the Congress to act at once if the dream of the roadless area is to be realized. The project is endangered by the presence of a large number of private land tracts, including many lake-shore sites which are legally available for improvement and use as resorts, summer cabins, and other private purposes. Formerly the absence of roads in the area prevented such developments, but with the advent of air transport, resorts and summer cabins have been springing up like mushrooms in the roadless areas. Unless action is taken in the near future to preserve the region from commercial exploitation through Government acquisition of the unimproved lake-shore sites, the cost of acquisition will become so prohibitive as to end all hope of preserving or restoring the wilderness character of the territory. Thus it becomes imperative for the Eightieth Congress to proceed without delay to acquire the unimproved private holdings so as to prevent further development.

The bill which I have introduced today to speed the establishment of the roadless area has the approval of the United States Forest Service, the Minnesota Conservation Commission, and a committee representing the three Minnesota counties affected by the project, namely, St. Louis, Cook and Lake Counties. This bill contains three major provisions:

First, it authorizes the Secretary of Agriculture, acting through the United States Forest Service, to acquire the undeveloped private land in the interior of the present roadless areas of the Superior National Forest, while reserving the outer fringe of the region for private development. Under the bill, resorts and other improved real estate in contiguous tracts not exceeding 500 acres and bearing permanent structures suitable for human occupancy at the time of the passage of the act are exempt from condemnation. The bill calls for annual appropriations out of a total authorization of \$500,000 for the purchase of condemned land.

Second, the bill authorizes the exchange of private land holdings within the roadless areas for Government-owned land located just outside the proposed roadless areas which can be used for resort development. Some of the owners of developed properties have already expressed willingness to sell or trade such properties to the Government.

And third, the bill provides for the payment of adequate compensation by the Federal Government to the counties in lieu of taxes lost on Government-owned

land at an annual rate of 12 cents per acre.

The purpose of this bill, Mr. Speaker, is to preserve the wilderness character of this region and its pristine resources of lakes, streams, forests and wildlife for the benefit of all Americans. It is not a partisan proposal, but is one which will receive the most favorable reaction from those of both political parties and from all men and women who love the great outdoors. It is in a spirit of nonpartisanship that I submit this bill for the consideration of the Congress.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. KEARNS, for March 21 and March 22, on account of labor investigation.

To Mr. HUBER, indefinitely, on account of investigation of Veterans' Administration hospital.

To Mr. BLAND (at the request of Mr. DREWRY), indefinitely, on account of illness.

To Mr. MACKINNON, March 21, 1947, on account of official business.

SESSION OF THE COMMITTEE ON WORLD WAR VETERANS' LEGISLATION

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent that the Committee on World War Veterans' Legislation be allowed to sit during the session of the House during general debate on Friday and Monday and Tuesday of next week.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

EXTENSION OF REMARKS

Mr. REED of New York asked and was granted permission to extend his remarks in the RECORD and include an article.

The SPEAKER. Under previous order of the House, the gentleman from Illinois [Mr. VURSELL] is recognized for 30 minutes.

FINANCIAL AID TO GREECE AND TURKEY

Mr. VURSELL. Mr. Speaker, the President's request to the Congress that the United States Government extend additional financial aid to Greece and Turkey in the amount of \$400,000,000 and the further suggestion that we send military experts for the training and direction of the rebuilding of the Greek Army, that we send business advisers to help plan and direct the reconstruction and financial direction of Greece, presents to the Congress and the American people one of the most far-reaching and momentous problems ever to be considered by this Nation. His recommendation that we take over the responsibility of the British Government to protect a part of the Balkan countries and the Middle East against the further inroads of communism may well be termed the greatest gamble in international affairs that has ever been seriously considered by the American people.

For the past number of years we have had one crisis after another on the home front. Then came the crisis leading to the great world war. Before the close

of the war America and its allies throughout the world began making preparation for universal peace through helping to establish the United Nations organization. The American people and the peace-loving people of the world were told that this was a war to overthrow dictators, end all wars, and that this organization would usher in a new era of peace.

The people of America have been pinning their hopes on world peace in the future. Now we are confronted by the action of the President in his message to the Congress with another international crisis with an expansion and change of our international policy that causes deep concern to the American people.

It is most unfortunate that in this crisis which may mean so much to the American people, that the cry of great haste is asked of the Congress, the Members of which are the representatives of the American people who, in the last analysis, are the sovereign power in this Republic of ours.

It is my candid opinion that before we take this step on a road from which we cannot turn back once we are committed, that this momentous question should be debated in both Houses of the Congress, giving time for the representatives of the people through the press to fully inform the public as to all of the implications and responsibilities we are about to assume. The public should have time to become fully informed so that they, who will pay the taxes and who will have to furnish the manpower to carry out such a policy if war comes, may be able to learn all of the facts and make their wishes known to their representatives here in Washington.

Mr. Speaker, it would seem to me that the United Nations organization, which has been set up for the purpose of promoting world peace and considering such questions as have arisen with reference to Greece in particular and Turkey, is the proper forum to which this matter should have been brought before this Government was called upon to take such a step. Certainly the power for peace contained in the 50 nations which have signed a solemn world compact to deal with such problems, should first have an opportunity to bring the moral force and power of the world into action in an effort to stop the Russian Government from its threat and encroachment against Turkey and Greece, and against any other countries. The move we are asked to make is a unilateral action against the policy of the United Nations. It gives Russia, that ruthless and dictatorial nation, the very propaganda it needs to inflame the minds of the Russian people. Out of such a move on our part Russian leaders will falsely seek to convince the Russian people that the policy of the United States Government is one of imperialism, that we seek in cooperation with Great Britain to encircle and cut off from the outside world, the opportunities of commerce and business for the Russian people. It will help that dictatorial government to wield a greater control over her people and doubtless they will make them believe that we are

preparing for a war of aggression and conquest against them.

One of the great hopes for peace was to eventually, through peaceful efforts, raise or penetrate the iron curtain surrounding Russia so that the Russian people might get a glimpse of the prosperity and happiness of a free people which would ultimately cause them to change their form of government to a democracy of liberty and progress. This is one of the great opportunities for peace that may be thwarted by such a move.

Mr. Speaker, the First World War was fought to extend democracy to the world. The Second World War was fought to extend the principles of the Atlantic Charter which provided that all nations might have the type of government their peoples wanted without interference or control from more powerful nations. It was fought to end all wars in the future. The people of America spent over \$400,000,000,000 and carried the major burden that brought victory to the Allies, and in addition there was the loss that can never be repaid of the lives of 300,000 of our finest young men in arms with 1,000,000 American soldiers wounded, many of whom will need financial aid for the rest of their lives from our Government.

It will yet cost this Government, it is estimated, \$300,000,000,000 since VJ-day by the time we have rendered such governmental aid as we will render to the returning veterans throughout the future. It has brought to us a debt of \$260,000,000,000. The people of America may well ask the question "where is this illusive 'pot of gold' we have been seeking—'Peace'—at the end of the rainbow?"

The Members of Congress will want clear and definite answers to many serious questions before we are compelled to make a decision. This is no time for haste.

Mr. Speaker, as a practical proposition, can we stop the expansion of Russia into the Middle East by expending \$400,000,000 in Greece and Turkey? Times have changed with the centuries, yet the best yardstick we can call upon is to try to judge the future by the past. What light will this throw upon the subject? We gave to Russia through lend-lease about \$11,000,000,000, yet Russia has shown no gratitude toward our country.

To France since VJ-day we have given through lend-lease \$411,500,000 worth of goods. We have given a line of credit to France through the Export-Import Bank of \$650,000,000. In addition to helping to liberate France, our gifts and credit to them are over \$1,500,000,000. Has this stopped the inroads of communism in France? It has not. France today is controlled and operated by Communist officials elected by the people. The newspapers of France today, after all we have done for France in two wars, cry out against the policies of the United States Government and praise the policies of the Communist government of Russia. We have given over \$500,000,000 to Italy and today Italy is largely in control of the Communist organization. We have given countless millions to Yugoslavia

and in return the Dictator Tito, schooled in communism in Russia, proudly told the world that he gave orders to shoot down friendly American airmen who lost their way in flying over his country.

Since VJ-day we shipped relief amounting to \$744,493,578 to China. Our total lend-lease to China was \$1,543,385,795. And in a further effort to bring the warring factions of China together our Government sent General Marshall to China, where he worked and extended his great power and intellect in the name of our Government to try to bring the Chinese factions together. He gave up the job, failed through no fault of his or our Government, came home, and was later appointed Secretary of State.

Mr. Speaker, in addition to this we gave millions to Poland, Rumania, Bulgaria, and other countries, all of which took our money and lined up with the Russian Government. With all we have done we now receive but little thanks from all of the governments I have named.

Now, in the face of this record, can we stop the encroachment of the Russian Government upon Greece and Turkey with a donation of \$400,000,000?

Great Britain has spent close to \$1,000,000,000 in helping to liberate Greece, of which over \$500,000,000 has been given that country since the close of the war. The United States extended to this little country of Greece \$81,562,000 in lend-lease. Through UNRRA, of which the United States paid 72 percent or more on each dollar, Greece was given aid to the extent of \$358,000,000. Through surplus property since the war we gave Greece over \$20,000,000, and through the Export-Import Bank we have extended a loan or a line of credit of \$25,000,000, and \$100,000,000 more is being considered as a loan or gift.

In addition to this the Greek people, through the United States and other people in this country who are always anxious to help suffering humanity, were sent millions of dollars in gifts and money to the Greek people. This total that we know of amounts to over \$485,000,000 from our Government.

Mr. Speaker, the Congress will want the answer to this question. If we approve the President's request, is it tantamount to establishing an American military beachhead in the countries of Greece and Turkey, 3,000 miles away, which we propose to defend by military force if necessary? It appears to me that if Russia continues on her ruthless unjustified course, nothing can stop her from going into the Middle East except soldiers armed and equipped to hold her back.

Mr. Speaker, the American people ought to be told what this step in our international policy means because if it provokes war it will be up to them to furnish the equipment, the money, and the manpower to man this beachhead and to try to stop communism on its march into the Middle East.

Another question: By this policy are we committed throughout the world to render such aid to all countries in the future against Communist expansion?

Can we finance and will we furnish the soldiers to do it?

Mr. Speaker, another question of tremendous importance, it seems to me, is, can we continue to finance the world at the rate we have been going without dragging the 140,000,000 American people down into abject poverty?

Much as we resent and deplore the unfair advantage the Russian Government has taken against nations along her border, do we not owe our first obligation to the American people?

The cost of living in America has increased 50 percent within the past year. The reason is that our own Government, through the Commodity Credit Corporation, has been in all of the grain markets and every other market buying up the wheat, corn, meats, fats, oils, shipping and giving them away to other countries. We read in the Sunday paper that bread here in Washington is being raised from 1 to 3 cents a loaf. Wheat recently reached an all-time high of \$3 a bushel, corn at \$1.74 $\frac{1}{4}$, and Mr. Anderson, Secretary of Agriculture, comes out with a statement that while they have been buying wheat and food stuffs in the United States market through the Commodity Credit Corporation, we do not have any more grain than we need for our shipping program abroad. Richard Ullman, first vice president of the Board of Trade in Chicago, says:

There would be no scarcity of wheat and prices would not reach the high levels they are except for the fact that the Government is pushing exports to the limit of transportation facilities. The Government statistics show that in the 8 months ending February 1947, export shipments abroad amounted to 299,417,000 bushels of grain and that the Government will continue to buy, raising these prices against the American consumer and ship the grain of this country abroad, largely giving it away freely to the other nations.

President Truman, in his message recommending the Greek loan, said:

Inflation has wiped out practically all savings in Greece.

May I say, if we continue as we have during the past 2 years to buy up through the United States Treasury the grain and food productions of the Nation, giving them away along with millions of dollars worth of industrial equipment, inflation will be accelerated until President Truman or some other President may later say, "inflation has practically wiped out the savings of the American people."

Mr. Speaker, in fact, the President, in total, has asked for the expenditure of \$1,500,000,000 during the next 18 months to be used for relief abroad.

If the price of living keeps going up, wage earners will strike for higher wages. Inflation is more dangerous to the American people today than it has been at any time in the past 5 years. This inflation and the rise in the cost of living has not come about by lifting OPA controls. It has been brought upon all of the people by the Government buying up the foodstuffs in America to give away abroad. While we want to do what we can to help the distressed people of the world, there is a

limit to our ability. The most important service we can render the American people is to keep this Government sound financially. And, if we can keep it sound financially, we can render the world our greatest service. That is the No. 1 basic problem upon which all else depends.

Mr. Speaker, already we note in the press that other nations will renew their requests for help. Iran, Syria, Lebanon, Hungary, and Palestine will soon likely call for many millions each. Where will it all end? Our first regard must be for the American people. The problem we are facing is to great and dangerous to be influenced in any way by any political color. What we do will affect every man, woman, and child living in America today and the millions who will follow after us. We must find the right answer to the question if possible. Each of us will have to be responsible to the American people and to our own conscience. For my part I would prefer this matter be taken with all the force and power of the American Government to the United Nations organization in the hope that this instrument set-up to deal with these problems has advanced to the point, and I believe it has, where its great moral force might well be sufficient in the interest of world peace to not only stop the aggression of Russia toward the Middle East but toward the other nations of the world.

Mr. Speaker, after all of the sacrifice and struggle the American people have made, they have turned their faces toward peace through the United Nations. Our people, with the war over, had hoped for greater production, a reduction of the cost of living, a reduction in taxes, and a reduction of the national debt. It is very doubtful if we can follow the President's proposal and bring to our people such relief. At any rate, we need further information from the President before we make the decision. The people are entitled to know how long is the road we shall have to travel and how steep is the way.

The people will want to know if it is our policy to go into Greece and Turkey and protect them; are we committed to a policy of going into every country where a like situation arises throughout the world? They are entitled to know how far flung are our commitments of this new and expanded international policy laid down by the President.

Mr. Speaker, because of mistakes and bad leadership in the immediate past, we are confronted with this crisis. The mistakes at Teheran, the appeasement at Yalta, the appeasement and mistakes of our leaders at Potsdam, the mistakes of an earlier appeasement policy have brought us to this crisis. Can we make this move in the record of the past with any certainty that those who advise it are right this time?

We were told that the United Nations would bring us peace for the future, that it would do away with dividing nations into spheres of influence; that when the peace of the world was threatened that such matters would be brought before the Council of the United Nations where

the moral forces of this world membership would settle such differences and stop wars before they started; we were told it would stop unilateral agreements, yet, in the face of these promises and the world policy laid down, the President's move enters into unilateral agreements, bypasses the United Nations organization, the court to which such matters were to be brought and establishes a policy that the United States Government will assume the functions of a peace-maker and we can assume that the President proposes to back up such expanded international policy with force, if necessary.

Mr. Speaker, unless prohibitions and safeguards can be written into the Act by amendments that will greatly lessen our obligations and give a greater protection to the people of this Nation when we consider this legislation, I cannot permit my conscience to commit the American people to such a vast and dangerous undertaking. In these serious times we all want to go as far as we can to uphold the hands of the President and our international representatives. No one in the Congress has less faith in, or more greatly detests the Russian Government on its record than I, but I must not let my opposition to that dictatorial government lead me to the point where I will endanger the best interest of the people of the United States. We must have more information before a final decision can be made in the interest of the Nation.

The SPEAKER pro tempore (Mr. McDONOUGH). Under previous order of the House, the gentleman from Washington [Mr. HORAN] is recognized for 1 hour.

Mr. HORAN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include certain newspaper articles.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

PUBLIC ASSISTANCE EXPENDITURES

Mr. HORAN. Mr. Speaker, last Monday one of the local papers took me to task for my efforts to have District of Columbia relief abuses corrected. In doing so they inadvertently pointed out what undoubtedly was a national fault; that is, the abuse of the whole system of social security, public welfare, and general relief throughout the Nation.

Monday's article apparently tried to discount my efforts to have the National Capital relief picture corrected. They sought to do so by pointing out what is going on in my own home State. Naturally, I carry no brief for the abuses of welfare grants anywhere in the Nation. To do so would be to undermine the very security of those who honestly and actually need relief; to do so would be to deny what I believe is a perfectly obvious fact that our entire social security and expenditures picture needs a complete, thorough, drastic, and honest overhauling.

The Washington Daily News last Monday stated:

Figures show that Representative HORAN's own State, Washington, is far more generous

than the District in public-assistance outlay. It's near the top of the list of the 48 States, Hawaii, Alaska, and the District, both in amounts of public-assistance checks and in numbers of beneficiaries.

I am glad that this article was run for it gives me an opportunity to show what the good people of the State of Washington are discussing with regard to these same abuses. I am only sorry that the Washington Daily News saw fit, apparently, to condone such abuses in the District of Columbia.

The District, or Washington, D. C., or just plain Washington should be a proud city—for it is the capital of the greatest nation ever known.

Yet, apparently, some would demand it become the bellwether for despair, the chancicleer of chaos.

Yesterday it was reported that there were 25,000 unemployed within the spare 70 square miles that comprises the District—Washington, D. C.—the Nation's Capital—the should-be-proud city—the same area that saw action a few days ago to import labor to the Nation.

It is about time that we heard from the "grass roots," or, as some would say, from the "local levels."

I do hope that my efforts to correct this problem in the District of Columbia will extend throughout the Nation and be particularly of material assistance to the people of the good State of Washington. The generosity of a democratic people must not be abused, for abuse means eventual denial of relief and succor to those who truly need assistance. It is the duty of us who represent the people of the United States to correct these abuses. At the same time social security should be expanded to protect, assure, and benefit the loyal public servants of State, county, and municipal, or district government bodies throughout the Nation. That is a cardinal reason for clarifying and correcting the whole social security, welfare, and relief picture.

These expenditures simply cannot be considered separately. Annuities, pensions, relief, assistance, grants-in-aid—whatever they may be called—they all come out of the total national income. They are a lien upon the total national credit.

Mr. Speaker, the abuse of these costs in many categories constitutes one of the largest items of national waste prevalent today. This is particularly true of direct relief. Public assistance—or, better, "relief racket" subsidized with Government appropriations—is a flourishing business in this Nation. Ironically enough, it is carefully disguised as a needful item for Government expense to ease human want and suffering in this present hour because of vast and ever-increasing unemployment. This, we are told, Mr. Speaker, by the professional administrators of public relief even in the face of the fact that Congress broke the budget only a couple of weeks ago when it added \$10,000,000 to the national expenditure to provide for the induction of foreign labor to offset an established critical labor shortage in agriculture. One naturally wonders what will happen with bad times.

Last week, Mr. Speaker, I called the attention of this House to a deplorable condition existing in the District of Columbia. The alarming increase of public aid in the National City over the past 10 years came to light before the Subcommittee on Appropriations when hearings were held to justify a deficiency appropriation for \$184,200 requested by the District Board of Public Welfare. But, Mr. Speaker, this is not a matter related only to the District of Columbia. Relief costs and larger requested appropriations from public revenues are being reported from every section of the country. The article in Monday's News might more constructively have outlined and deplored this dangerous situation. In my own home county—the county of Chelan in the State of Washington—the monthly expenditures have nearly doubled since January 1945. In January of this present year the relief costs for that 1 month—in an area with a population of less than 36,500—reached the preposterous figure of \$106,307.80.

Obviously, Mr. Speaker, in the county of Chelan it is becoming increasingly popular to get on the public-assistance rolls. But neither is Chelan County in the State of Washington an isolated situation. What pertains to the District of Columbia and my own home district is reflected in every city, county, and State in the Nation where Federal funds are employed to match local moneys in supporting an indigent population which has learned to depend upon public funds rather than resort to even a minimum effort for themselves.

By the same token those who have a just right to look to the whole justifiable fabric of social security for support are menaced. The proponents and advocates of larger appropriations for public assistance in the District of Columbia have indicated their belief that my interest in this matter is only to curtail the public and Federal expenditure in the District of Columbia. The article in the Monday News indicates this. Heaven protect us from a race among the States to outdo one another in such expenditures.

For clarification of the record on this question, I want to insert here as part of my remarks, a series of articles appearing in the Wenatchee (Wash.) Daily World recently. Wenatchee is the county seat of Chelan County. Wenatchee is my home community—it is "grass roots" to the core—and I strongly feel that its thinking has a lesson that this Nation's capital can wisely heed if we would pose as an example to others. This is an enlightening series which shows that in my own district the present system of providing a way of life through the wanton use of public moneys works no hardship on the person who wants to be unemployed—no hardship anywhere except that worked upon the taxpayers who support the show. Nor is Chelan County the only county afflicted in the Nation.

No, Mr. Speaker, this is not an isolated matter for concern; it is fast becoming a national scandal when employable United States citizens in a time of rich employment opportunity and in a period of unusually high private income,

can find it advantageous because of laxity in the provision for proper legislation enabling efficient administration of necessary public assistance, to "go on relief." I repeat, Mr. Speaker, the conviction I expressed in an address before this House on Thursday of last week—the Nation expects us as we deal with problems of returning sanity to our Government's fiscal spending to provide adequate legislation covering the administration of public assistance and relief through federally appropriated moneys, legislation that shall affect the operation from the national level down to the very last administrative effort on the local and, I feel, in this instance, the most effectual plane.

Certainly, every community, as is true with the District of Columbia, wants new roads, improved highways, modernizing construction, and other public expenditures. Certainly if we are to achieve these, we must abolish all waste and correct, as well as we can, all of the abuses that attend the privileges of freedom. The articles follow:

[From the Wenatchee (Wash.) Daily World of March 3, 1947]

LAND OF MILK AND HONEY—RELIEF CASH
PLENTIFUL IN STATE OF WASHINGTON
(By Howard Ordway)

One out of four residents of the State of Washington is on relief.

Right now, during prosperous times, three of every four work for a living and support the fourth person who depends on his neighbors, through taxation, for his livelihood. Relief costs in the State have doubled.

The real problem for the present session of the legislature is to find the money necessary to meet the expenses for the young and the older citizens, for education, and social security.

Relief costs in the State have increased from \$67,000,000 in 1941-43 to \$108,000,000 in 1945-47—and even this amount was not sufficient. A deficiency appropriation of \$11,000,000 was necessary for social security expenditures during 1945-47. The house committee on social security now recommends \$5,000,000 increase for 1947-49 bringing the total cost for social security to \$128,000,000.

The cost per capita for relief cases is \$20.83. All this has happened in this State when the experience of other States throughout the country report per capita costs as low as \$2 because of good times and peak employment.

Oregon spent in 1943-45 biennium \$12,000,000.

The present situation raises many questions. Are all these senior citizens our citizens; are there abuses to the administration of the social-security laws; do they require amendment; is the program established on the basis of need and the promotion of rehabilitation of the recipients of social-security aid?

How will continued increases in costs for social security affect appropriations for schools and highways; are we becoming a State of indigents; will it deter industry from coming to our State because of the necessity of increasing taxes to support the program?

Because of the necessity and responsibility toward our senior citizens in providing adequate financial aid, a survey has been made of the present social-security laws, their application and administration, together with case histories revealing abuses, which, if not corrected by administration and amendment to the present laws, could jeopardize not only the rightful aid to the senior citizens but the economy and fiscal standing of the State.

A slogan is now being heard these days in the legislative halls and cloak rooms at Olympia—"60 at 60."

At present what do the social-security laws provide for our senior citizens in payments for old age assistance and general assistance? What is the nature of the senior citizen grants, who can qualify, what are the requirements, and how liberal are the State laws?

In the language of the laws of 1945 which became effective May 1, 1945, we learn the legislature's declaration of intent.

"On no other issue are the people of the State of Washington, as well as our Nation, as united as they are in recognition of the economic and social necessity of returning to our senior citizens, the fathers and mothers of our country, part of the wealth which their labor helped to create."

"It is simple justice that our Government," the law continues, "which owes its industrial construction, its farms, its factories, its entire wealth in fact, to the labor of its pioneers, should provide as an obligation and not as charity, some measure of security to the pioneers."

And just what is a senior citizen, does he have to be a citizen of the State or of the United States? According to the legal definition, he or she is not required to be a citizen of the country or State.

"Senior citizen," the definition reads, "shall mean a person eligible for a grant under the terms of this act, and shall not be construed as limiting eligibility for grants to citizens of the United States or the State of Washington."

If he doesn't have to be a citizen, then how long must he be in residence in the State before he is eligible for grants in aid, either general assistance or old age assistance?

As to the old age assistance, the law reads, "Senior citizen grants shall be awarded to a person who is without resources who: . . . (c) has been a resident of the State of Washington for at least 5 years within the last 10."

Recipients of general assistance (aid for persons regardless of age) are required only to prove they are "without resources to provide himself and dependents with food, clothing, shelter, and such other items as are necessary to afford a reasonable subsistence."

Are the recipients of public assistance from the county and State required to live within the State of Washington? Here is what the law says in this respect.

"Recipients of Federal aid assistance whose welfare will be furthered by temporary residence outside the State may continue to receive public assistance grants from the State if they are still in need."

Just how much money does a senior citizen secure under the present laws? Does he or she lose if food prices and rent increase.

The law reads, "such grant when added to his income shall equal not less than \$50 per month. In order to determine a senior citizen's need, the department shall establish objective budgetary guides based upon actual living costs studies of the items in the budget."

"Such living costs studies shall be renewed or revised at least once a year; and whenever there is a change of 5 percent or more (5%) in the cost of any of the items of the budget common to any category of senior citizens such change shall be reflected in the determination of his need."

How about the incidental expenses, say for medical, dental, surgical, hospital, or doctor's care? Who pays for hearing aids and other needed appliances, and do the payments for such items come out of the senior citizen grants? The law says no, they are extra expenses, provided for under section 15 of chapter 7, Laws of 1945, which reads as follows:

"In addition to senior citizen grants, the department shall provide for those eligible

medical, dental, surgical, optical, hospital, and nursing care by a doctor of recipient's own choosing; and shall also provide artificial limbs, eyes, hearing aids, and other needed appliances."

When the law speaks about general assistance aid, what does the term embrace? The laws are specific and all-inclusive, "general assistance within the meaning of this section shall include hospital, institutional, and medical care excluding tuberculosis hospitalization." The word "assistance" is defined as "public aid to persons in need thereof for any cause, and shall include services, direct relief, work relief, medical and institutional care."

And what does direct relief involve? "Payment by cash or voucher to provide the necessities of life to a person and his dependents, and shall include materials furnished or services rendered for such purpose to such person and dependent in his own home."

The term "work relief" the law reads, "shall mean wages paid by a body politic or corporate to persons who are unemployed, or whose employment is inadequate to provide the necessities of life to themselves and dependents, out of money specifically appropriated or contributed for the purpose, for the performance of services or labor connected with the work undertaken by such body independent of work under contract or for which an annual appropriation is made: *Provided*, That the expenditure of moneys made available for assistance purposes under this act in connection with work relief programs shall be limited to the payment of wages exclusively."

(This is the first of a series of articles on the problems confronting this State by reason of abuses practiced under the social security law.)

[From the Wenatchee (Wash.) Daily World] RIGID RELIEF LAWS IMPOSE STRICT CENSORSHIP OF WELFARE EXPENDITURES

(This is the second in a series of articles on the problems confronting this State by reason of abuses practiced under the social-security laws.)

(By Howard Ordway)

The crux of the whole relief picture so far as the county is concerned can be summed up as follows:

1. The county is charged with the responsibility for relief, including old-age pensions and general assistance, and must raise money through a 2-mill tax levy, but they have no control over expenditures—this is exclusively a State function under air tight legal provisions which prevent the taxpayers or county learning where the money goes.

2. County officials emphasize that Washington, unlike other Western States, has no 3-year resident requirement for recipients of relief—hence the county is saddled with a tremendous burden of numerous out-of-State residents who get on the relief rolls immediately upon arrival here.

Here is what an analysis of the State social-security laws reveals regarding the provisions for county responsibility and State control of expenditures.

"The care, support, and relief of needy persons is hereby declared to be a joint Federal State, and county function," the law states. "The several counties of the State are hereby charged with the responsibility, by and through their respective board of county commissioners, for the administration of public assistance to such persons; but they shall be subject to State supervision as in this act provided."

The law also says: "The county commissioners of each county in the State, in order to carry out their responsibility under this act shall establish a county welfare department which shall have full charge of administration of public assistance within the

county. The welfare department shall be in charge of a county administrator who shall be appointed by the county commissioners in accordance with the rules and regulation of the merit system."

State dictates

And as for the money to carry out their share of the bill for public assistance, the law reads, "the State hereby undertakes to make available to the counties from State and Federal funds sufficient moneys to enable the counties to discharge their responsibility with respect to Federal-aid assistance; while the respective counties shall provide funds by means of the county tax, hereinafter required to be levied, to discharge their responsibility for general assistance."

As for the levying of the county tax, it works this way: "It shall be the duty of the Board of County Commissioners of each county in the State to submit to the department, and through the department to the committee, a county plan which shall include:

"An agreement to make available for assistance purposes a sum equal to a two mill tax levy upon the assessed valuation of its taxable property, together with such miscellaneous revenues as may accrue to the county through the operation of public assistance programs, and to apply such moneys in accordance with uniform standards prescribed by the department and submit quarterly reports of all expenditures for such assistance purposes within the county."

"Disbursements of moneys in such account shall be made primarily for general assistance purposes and shall conform to the uniform standards established as specified in this act."

"In the event that any county in the State does not for general-assistance purpose require the sum assessed as provided in this section, taken in conjunction with revenues accruing to the county from the administration of public-assistance program, it shall be authorized, by resolution of the board of commissioners to release the amount of the overplus, or such portion thereof as may be deemed expedient by said board of county commissioners, from the assistance account to the current expense for general county purposes."

What is the basis for the State allocating moneys to the county for public-assistance purposes?

"The moneys appropriated for public-assistance purposes and subject to allocation as in this act provided shall be allocated to counties on the basis of past experience and established load history."

Are there any strings tied to how the county can spend the moneys for general assistance under this act?

"In the administration of general assistance under this act, county administrators shall insofar as possible grant work relief to unemployed employables and confine direct relief to those persons who by reason of bodily or mental infirmity, or other cause, are incapacitated from gainful employment."

Censorship

Have the taxpayers access to the records of senior-citizen grants and case studies which would indicate how their money is being spent?

The law is very specific and imposes a strict control which amounts to censorship of all records. Here is what the law states:

"All applications and income records concerning any applicant shall be confidential and shall be open to inspection only by persons duly authorized by the State or the United States in connection with their official duties: *Provided*, That this shall not be construed as interfering with the right of applicant or his attorney or authorized agent from examining such records when applicant's case is on appeal as provided above."

"It shall be unlawful," section 5, chapter 128 of laws of 1941 states, "except for purposes directly connected with the administration of general assistance, old-age assistance, aid to the blind, and aid to dependent children and in accordance with the rules and regulations of the State Department of social security for any person or persons to solicit, disclose, receive, make use of, or to authorize, knowingly permit, participate in, or to acquiesce in the use of, any list, or names of, or any information concerning, persons applying for, or receiving such assistance, directly or indirectly derived from the records, papers, files, or communications of the State or county or subdivisions or agencies thereof or acquired in the course of the performance of official duties."

And what happens if there is such a disclosure or leak of official information by employees of the Social Security department? The laws have provided for that too: "Any violation, or attempted violation or evasion of the provisions of this act by any official or employee of the Department or of its agencies shall constitute a felony, and shall disqualify such official or employee from further employment in the Department or any of its agencies."

Summarizing, the State of Washington laws on public welfare and old-age assistance provide the following:

1. Recipients of senior citizen grants (old-age assistance) and general assistance are not required to be citizens of the State of Washington or of the United States or in residence within the State.
2. Senior citizen grants begin at \$50 a month. In addition to the monthly payments, additional expenses for medical, dental, surgical, hospital, and other necessary appliances are paid by the State.
3. The board of county commissioners assess a 2-mill-tax levy upon assessed taxable property within the county to carry on the public-assistance program.
4. Direct relief by the county should be confined to those persons who by reason of bodily or mental infirmity or other causes are incapacitated from gainful employment.
5. All records and applications for old-age and general assistance are classified confidential and only State and Federal officials and employees can study them or have access to the information. Any violation of this provision by a social-security employee is considered a felony and results in disqualifying the official or employee from further employment.
6. The basis for the State allocating moneys to the county for public-assistance purposes is solely on past experience and established load history.
7. Public-welfare laws and those governing old-age assistance make no provision for rehabilitation of the recipient.
8. The State of Washington is the only State in the United States that does not require a 3-year residence of the recipient in the State prior to granting either general assistance or old-age pensions.

I might comment here that Mr. Joe Lester, of Wenatchee, Wash., represents one of those high type public officials whom the American system so often places at the top of local government. This is one more reason why I feel that in many ways the eventual and the dominant responsibility should rest with those in charge of local government.

The following article deals with a bill then before the State legislature. It would allow for a complete system of local control. Such a control should encompass a simple coordination of all local bodies—the assessor's office, penal institutions, and employment agencies of all kinds. Such a local control could also

set up an honor system capable of placing the eventual responsibilities with those eligible to receive aid.

[From the Wenatchee (Wash.) Daily World]

WHERE DO THE RELIEF DOLLARS GO?—COUNTY IS RESPONSIBLE, BUT THE STATE HAS CONTROL

(By Howard Ordway)

"Under the present social-security laws," former County Commissioner Joe Lester reveals, "the county is in a difficult and untenable situation—it has responsibility for relief and must raise money, but cannot control the expenditures."

"The job was, and remains, increasing difficult," Lester said, "because of two reasons, both of them stemming from the social-security laws."

"1. All of the Western States, except Washington, require that the recipient live in the State 3 years before he is eligible. In this State, however, a person can come into Chelan County at 11 a. m. and secure relief by 11:05 a. m.—just a simple oral questioning is all that is necessary—no red tape, investigations, or proof of need is required."

"2. If the county objects to payment of a voucher for either general assistance or an old-age pension, the social-security office simply forwards it to the State where it is promptly paid—using county and State money."

In a recent address before the legislative affairs committee of the local chamber of commerce former Commissioner Joe Lester outlined the public-assistance provisions of the social-security program. Lester advanced many cogent reasons for amending the present social-security laws and correcting the abuses through better administration.

Lester told the committee: "Under the present law the county commissioners are responsible for the relief of the poor. All of our activity and administration is subject to the rules and regulations set forth by the State social-security department."

"At our 1945 legislature," Lester continued, "the law was passed increasing the floor on all recipients to a minimum of \$50 a month. This means that the recipient may come in and ask for \$30 a month for 3 months saying that he could get by after that period," Lester said.

"But under the present law," Lester explained to the chamber of commerce committee, "even though the recipient only needed \$30, he would have to accept \$50 a month to become a legal recipient. In other words, gentlemen, the program is not set up on the basis of need and does not promote the rehabilitation of the recipient," Lester said.

Lester cited many cases that Chelan county has had in past 2 years where people have moved into the State and accepted relief permanently in a few short days after they had arrived. "With a 3-year resident law," Lester said, "we could buy a railroad ticket for these families and send them back where they came from—saving the county thousands and thousands of dollars."

"Here is how a typical case works," Lester said.

"We have people coming to Chelan County, possibly with a slight heart ailment or asthma or such a condition and immediately securing relief. We had one case," Lester continued, "where a man had asthma and secured a medical statement saying that he could not work. With four children in the family, the county is paying as high as \$278 a month, including medical and hospital services."

"He sold his property," Lester continued, "in one section of the country and received some \$1,950, dissipated the money, and immediately got back on relief. He moved to Kitsap County. After 2 or 3 months he moved to Arizona, bought a home in Arizona, and continued to receive this monthly

remittance from the State of Washington—that is, Chelan County, too, for we assist the State through a 2-mill levy on all taxable property in the county. If you don't think that amounts to a tidy sum, remember our tax levy for all current expenses in 1947 is only 2.7162 mills," Lester said.

Lester continued, "This man would be eligible for that fund for 3 years or until he established his residence in Arizona. This is not an isolated case, gentlemen, we are squandering thousands upon thousands of dollars each year on just such cases."

In concluding his remarks, Lester said, "I urge that every responsible citizen and businessman in Chelan county write to his legislators and try to get their approval for amending the present social security laws, returning the control to local authorities."

As for the social security law amendments, Lester said he favored House bill 395, presented by Representatives Ball and Gehrman, which establishes a State Department of Public Welfare Board.

"This board will consist of seven members, six to be appointed by the governor, with the consent of the Senate, to represent labor, business, medical and legal professions which in intent is to be non-political, three from each party. It limits the service of any member not to exceed two terms," Lester said.

Lester said the proposed bill creates in each county welfare department, a county board of public welfare to consist of one county commissioner and two persons to be appointed by the State Board of Public Welfare. Not more than two members of the board will be of the same political party of the county appointments. "One of the two appointees," Lester said, "should represent labor and the other, business."

The former county commissioner, in his considered opinion, thought the bill had many desirable features, although the weak point was that it failed to include a 3-year resident provision. He explained his support in this manner:

"This bill would bring back county control, in reality, grass-roots control of policies and administration of the relief program. One of the reasons this bill is so constructed is that we have too many individuals coming into the county and securing relief without previous residence and then leaving shortly after, still continuing to secure their checks from us while they live in another State. It decentralizes the relief problem down to the local people who best know their own situation and needy cases and can control payments accordingly," Lester said.

From another authoritative source, there is revealed a new angle or method of complying with the letter, if not the spirit, of the social-security laws, to secure pension payments. A prospective pensioner had \$1,200 in cash but realized the law prohibited her from securing a pension if she had more than \$200 in cash—so what did she do but invest \$1,000 in a diamond ring, qualifying for the pension at the expense of the taxpayers.

A transient thinks of the State of Washington in terms of the land of milk and honey. One wonders if the most liberal social-security laws in the United States don't provide the milk flowing from the State treasury as the taxpayers or workers supply the honey in the form of cash to support them as drones—in a life of idleness and nonproductivity.

(This is the third in a series of articles on the relief situation in this county and the State of Washington.)

[From the Wenatchee (Wash.) Daily World]
WHY WORK?—HIGHER AND HIGHER THE RELIEF COSTS GO!—HERE ARE SOME CASE HISTORIES TO OPEN YOUR EYES AND MAKE YOU WONDER

There is an old saying that "the wheel that squeaks the loudest gets the most grease."

Apparently the Washington State Pension Union and the trained social workers who administer the State social-security program live by this saying—for they have made quite a gravy train out of the vote-getting social-security program that may carry them all to the brink, if not all the way to actual disaster.

You can readily understand why the trained social worker who never met a pay roll, owned property, or paid heavy taxes finds the present liberal social-security laws to their liking, their main dish you might say.

But where is it all leading?

Here is a good indication from typical relief cases within Chelan County—a county the State Department of Social Security refers to as "very conservative."

Names, places, dates, schools, and other pertinent personal data in these cases have been omitted but the complete cases are a matter of record.

The X family consists of the father, mother, a daughter, and three sons. They have been the recipients of public assistance continuously since 1935. Early in the case history, the father was sent to the State penitentiary for theft. Later the mother obtained a divorce.

X family history presents a pretty constant picture of petty misdemeanors on the part of the children. Trouble arose with the neighbors, school authorities, and finally the training school for two of the children. Only one child, a son, has not been involved in rather serious trouble with authorities.

There is evidence that the mother is not much concerned with the care of her children. She has allowed them to run about the neighborhood, destroying the property and annoying the neighborhood, while she was away frequenting beer parlors.

She has often been seen in an intoxicated condition. The older children were not taught to work during school vacation. Every trifling excuse was offered by the mother.

The aid-to-dependent-children check began at \$50 a month in 1936 and was increased from time to time until at the present it is \$104 a month. There were four children in the home at first; now there are but two.

The children were allowed by the mother to bring home articles from an unoccupied furnished house which they had broken into. In 1938 the oldest child, a girl, was sent to Grand Mound for running away from home and refusing to return.

In 1939 the second son was taken before the sheriff for breaking into a service station. Later he was taken to a farm in another county where he seemed to get along better, but the mother and daughter would not leave him alone.

They kept telling him he would be much better at home, so finally the foster parents gave him up. Later he had trouble with school authorities at school because of bad conduct and indolence. He was often truant and appeared before a juvenile court. The second son was sent to Chehalis for petty larceny.

In 1944 the mother came to the welfare department asking for a food voucher soon after earning \$180 during 5 weeks of fruit picking—at a time when she was receiving full general assistance.

Authorities considered taking the children away from the mother but nothing was ever done about it. Three members of the family are now inmates of corrective institutions.

Who can estimate the future costs to the taxpayers of this State for this family?

Here is another interesting case of the Y family that has been saddled upon the taxpayers of the county.

This is a true story of Mr. and Mrs. Y, ages 39 and 37, respectively, and their family of 3 boys, ages 15, 14, and 12, and a daughter, age 1.

It all started 14 years ago in March, along with the birth of the New Deal. At first Mr. Y and family received periodical assistance, as an employable family, although the father complained about "not feeling good."

But Mrs. Y took the initiative in demanding assistance—known to many businessmen as a "moocher," some suspecting her as a kleptomaniac, taking small articles from stores.

In 5 years they moved about, living in Yakima, Okanogan, Douglas, and Pierce and King Counties.

During one period while receiving assistance in Chelan County, they moved seven times in 7 months. Moving so frequently, the children missed school, played truant, and attended schools not more than a month during the year.

It was a usual monthly complaint on Mrs. Y's part to the welfare department that they were hungry and without cash. In checking they found them with a fine car and everyone was smoking cigarettes. They constantly bedeviled the OPA board for more gas and used every subterfuge to secure an extra allowance.

Since July 1943 Mr. Y has considered himself unemployable—he complained of heart attacks. One doctor said it was angina pectoris—another said the same, but an expert said, "no organic trouble." The expert said he could do light work. However, the Y family moved to the country and refused to work.

They purchased a 10-acre tract of dry land—made a \$200 down payment—although at this time they had sworn they had no assets so secured general assistance.

OPA learned of the purchase and informed the welfare department. Mrs. Y said the boy, 15, was earning the monthly payments and buying the house. Late in 1945 Mrs. Y was advised by the welfare department that when she brought in receipts to show that the payments were up to date and an estimate of the cost of drilling a well for general assistance grant would be increased to take care of these expenses.

And so it goes, so that now it pays Mr. Y to be unemployed and on relief—he couldn't make as much working—no hardship is worked save on the taxpayers who support the show.

Under present departmental regulations, relief applicants and recipients are asked to estimate the amount they feel they will need to cover their living expenses. Estimates are submitted item by item, and if they fall between a minimum and a maximum figure set by the department, the figure is accepted and assistance is granted in that amount.

However—and this is important to remember—the department has ruled that even though the relief client's estimate is below the minimum figure, he shall nevertheless be granted the higher minimum figure. This in effect means that many people on relief are receiving more than they themselves have requested. For example, suppose a relief recipient has a cow, some chickens, and a garden—not too unlikely for retired or pensioned people, and his food costs are reduced considerably—he still is paid the same "minimum" amount for that item in his relief grant—more than he himself requested.

How many such people are so involved in Chelan County?

The survey revealed among other things that the average was 14 percent overpayment in old-age pensions and 10 percent in the general-assistance and other programs.

Let's take the monthly public-assistance expenditures for Chelan County during January of 1945, 1946, and 1947, to show the rising costs and number of cases constituting the relief burden.

Consulting the official bluebook of the State of Washington Department of Social Security on Public Assistance, published each

month and available to the county commissioners, we learn the following:

	January 1945	January 1946	January 1947
General assistance.....	\$4,053.31	\$4,006.99	\$6,043.23
Old-age pensions.....	52,437.74	71,087.20	77,388.66
Aid to dependent children.....	5,449.88	6,406.18	10,359.77
Aid to blind.....	579.00	917.00	984.00
Administrative expenditures.....	2,750.60	3,217.27	4,810.59
Total.....	65,270.53	86,234.64	99,586.25
Extra expenses.....	299 cases	248 cases	363 cases
Doctor's expenses.....	\$2,533.50	\$2,230.90	\$3,594.95
Dentist's expenses.....	1,045.00	208.00	272.00
Nurses' care.....	101.00	82.00	83.50
Drugs.....	614.94	806.21	1,096.20
Appliances.....	56.53	374.12	205.02
Ambulance.....	17.00	35.00
Hospitalization.....	681.65	1,436.00
Total.....	5,032.62	3,718.23	6,721.57
Grand total monthly expenses.....	70,303.15	89,952.87	106,307.82

Note the principal expenditures for old-age pensions: Observe that in January 1947, this year, Chelan County paid 7.70 percent more for old people than they did for dependent children—the youth of today who are the senior citizens of tomorrow. Most of them, however, are under voting age. Both the number of cases requiring medical attention and the amount expended reveals a large increase.

In less than 2 years the monthly expenditures have nearly doubled. Taking this month as an average, relief would cost this county alone \$1,275,686.04 annually. And Chelan County, remember, is a very conservative county.

If this is the situation within Chelan County, what is the over-all picture throughout the State?

Again, let's consult the records. Here are the estimates of the State Department of Social Security on estimated expenditures for 1945-47 and their requested budget for 1947-49.

ESTIMATED EXPENDITURES, 1945-47

Program	Amount	Percent
Total.....	\$129,024,080	100.0
Old-age assistance.....	82,701,748	64.1
Old-age medical.....	9,605,619	7.4
General assistance, medical.....	7,100,000	5.5
General assistance.....	11,218,540	8.7
Dependent children.....	13,242,524	10.3
Aid to the blind.....	1,043,610	.8
Administration.....	4,112,039	3.2

REQUESTED BUDGET, 1947-49

Program	Amount	Percent
Total.....	\$175,084,552	100.0
Old-age assistance.....	104,390,760	59.6
Old-age medical.....	15,667,000	9.0
General assistance, medical.....	8,764,800	5.0
General assistance.....	19,044,000	10.9
Dependent children.....	20,886,683	11.9
Aid to the blind.....	1,433,340	.8
Administration.....	4,891,969	2.8

¹ Includes medical care of dependent children.

² Includes \$5,000,000 from county funds.

³ Includes children under foster home care.

Again, it is obvious from study, old-age assistance takes the largest slice of the pie, over 600 percent more than aid to dependent children. General assistance, however, about which so much ado has been raised by the legislature, takes only one-eighth of old-age assistance, and shows only a 2.2 percent increase for the coming biennium.

(This is the fourth in a series of articles on the abuses in the administration of relief cases in this county and the State. The next article will make recommendations for amending the present laws and correcting the abuses through administrative measures.)

Mr. Speaker, as I speak today and as you read this, our Secretary of State is in conference in Moscow. He is defending the democratic way of life and the representative republican form of government against its aggressive enemies. The strength of the Nation he represents depends upon full employment. The world needs our full production. We cannot be guilty of condoning or encouraging the drone. Certainly if we are to present a proper manifestation of our form of government and way of life to the distraught peoples of the world, we must be eternally vigilant to protect our way of freedom from those who would abuse it.

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Ohio [Mr. BENDER] is recognized for 10 minutes.

THE SITUATION IN GREECE

Mr. BENDER. Mr. Speaker, on Tuesday on the floor of the House, I asked the impertinent question about the President's proposed Greek deal—the very impertinent question, What does this policy cost; where will it end; what does it include? Today I wish to call attention to what I believe is an astonishing aspect of the Greek situation. At the present time the British are maintaining 100,000 men under arms in the little Nation of Palestine. At the same time, according to my information, the British have roughly 10,000 soldiers and 2,000 officers in Greece. Permit me to pose a question. Is Greece less important to the British than Palestine is? Or let me ask it another way. Is Greece more important to America than Palestine is? I ask this question because the British have informed us that they are no longer able economically, financially, or otherwise, to meet their commitments in Greece, yet they seem able to pour more and more men and money into Palestine.

On the face of it then, Mr. Speaker, it would seem to me that the British clearly do not believe that the battle against communism in Greece is as important to them as is the battle against the Jewish people in Palestine. This I would like to suggest, is a very interesting sidelight on our good President's request for \$400,000,000. Why should the British prove to us by their actions that Greece is basically unimportant to the maintenance of the British Empire, and at the same time, our President comes before the Congress and insists that the situation in Greece, the present situation, must be maintained if America is to be secure. Frankly, Mr. Speaker, let us take a look at this business. The British Empire can do without Greece. They prefer to give up Greece, to stop fighting communism—so that they can have the men and sufficient resources to fight the Jews in Palestine. In other words, they do not think that Greece is important to them.

The British Empire can survive, apparently, without Greece, but our President tells us in his sincere way, that the United States cannot survive without Greece as it is. Mr. Speaker, why should the British tell us what is important? Why should the British make our decisions for us? Why should the British

serve notice on us? Why should the British threaten us with the terror of what might happen politically in Greece? Why should the British, after they had completely messed up the economic and political situation in Greece for the past 2 years attempt to dump it in our laps as an unprofitable adventure in creating monarchies.

Mr. Speaker, let us be blunt. Is there a single man now sitting in the House of Representatives who is willing to stand up and cast his vote for the present Greek monarchy? Does our State Department expect the American people to stomach the venality, the political corruption, of the present Greek monarchy? If it does, it may as well forget about the loan it has asked for. So then, Mr. Speaker, I submit these questions to the State Department, here on the floor of the House:

First. Why, if the British feel as does our President, that Greece is the key to the world battle against communism, why, Mr. Speaker, are the British withdrawing from Greece and continuing to pour money and troops into Palestine?

Second. Why do the British tell us what we should do in Greece and Turkey when they themselves refuse to act on their advice to us?

Third. Does President Truman and our State Department think that this Congress is going to vote \$400,000,000 to sustain a corrupt Greek monarchy?

Mr. Speaker, the more I think about this request of the President for \$400,000,000, the more I think that the President and our State Department need to answer a few plain, simple questions. The country is tired of global hypocrisy, of world-wide power politics—the country is tired of pouring its money down political rat holes from Singapore to Constantinople, on the assurance from the British that this will help defeat communism. Let us have the answers, Mr. Speaker, because the American people are beginning to think.

SENATE ENROLLED BILL SIGNED

The Speaker announced his signature to an enrolled bill of the Senate of the following title:

S. 276. An act to provide for payment and settlement of mileage and other travel allowance accounts of military personnel.

ADJOURNMENT

Mr. JENNINGS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 26 minutes p. m.) the House adjourned until tomorrow, Friday, March 21, 1947, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

466. A letter from the Administrator, War Assets Administration, transmitting a draft of a proposed bill to amend the Surplus Property Act of 1944 with reference to condemnation powers of the Administrator; to the Committee on Expenditures in the Executive Departments.

467. A letter from the Secretary of the Interior, transmitting financial statements and reports covering the transmission and

sale of electric energy generated at the Fort Peck project, Montana, for the first, second, and third fiscal years of operation; to the Committee on Public Works.

468. A letter from the Executive Secretary, National Munitions Control Board, for the Acting Secretary of State, transmitting a copy of the interim report covering the activities carried on by the Department of State during the years 1941 to 1945, inclusive; to the Committee on Foreign Affairs.

469. A letter from the Chairman, Reconstruction Finance Corporation, transmitting a report of activities and expenditures for the month of October 1946; to the Committee on Banking and Currency.

470. A communication from the President of the United States, transmitting a supplemental estimate of appropriation in the amount of \$9,000,000 for the Department of Agriculture for the fiscal year 1947, to remain available until expended (H. Doc. No. 173); to the Committee on Appropriations and ordered to be printed.

471. A communication from the President of the United States, transmitting a draft of a proposed bill pertaining to an existing appropriation for the fiscal year 1947 for the Department of Commerce (H. Doc. No. 174); to the Committee on Appropriations and ordered to be printed.

472. A communication from the President of the United States, transmitting an amendment to House Document No. 158 and a supplemental estimate of appropriation in the amount of \$1,625,385 for the Department of State, in the form of an amendment to the budget for the fiscal year 1948 (H. Doc. No. 175); to the Committee on Appropriations and ordered to be printed.

473. A communication from the President of the United States, transmitting supplemental estimates of appropriation for the fiscal year 1947 in the amount of \$680,150 for the legislative branch, House of Representatives (H. Doc. No. 176); to the Committee on Appropriations and ordered to be printed.

474. A letter from the Attorney General, transmitting a report reciting the facts and pertinent provisions of law in the cases of 127 individuals whose deportation has been suspended for more than 6 months under the authority vested in the Attorney General, together with a statement of the reason for such suspension; to the Committee on the Judiciary.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. WELCH: Committee on Public Lands. H. R. 1098. A bill to authorize the segregation and expenditure of trust funds held in joint ownership by the Shoshone and Arapaho Tribes of the Wind River Reservation; with amendments (Rept. No. 172). Referred to the Committee of the Whole House on the State of the Union.

Mr. GRAHAM: Committee on the Judiciary. S. 26. An act to make criminally liable persons who negligently allow prisoners in their custody to escape; without amendment (Rept. No. 174). Referred to the House Calendar.

Mr. EATON: Committee on Foreign Affairs. House Joint Resolution 48. Joint resolution amending the Settlement of Mexican Claims Act of 1942 to provide for the consideration of any claim decided by the General Claims Commission in which the United States filed a petition for rehearing; without amendment (Rept. No. 175). Referred to the Committee of the Whole House on the State of the Union.

Mr. HOWELL: Committee on Interstate and Foreign Commerce. H. R. 2109. A bill

to amend section 1003 (b) of the Civil Aeronautics Act of 1938, as amended; with amendment (Rept. No. 176). Referred to the House Calendar.

Mr. LOVE: Committee on Post Office and Civil Service. H. R. 1636. A bill to amend section 6 of the act entitled "An act to reclassify the salaries of postmasters, officers, and employees of the postal service; to establish uniform procedures for computing compensation, and for other purposes," approved July 6, 1945, with respect to the application of such section to rural carriers; with amendment (Rept. No. 177). Referred to the Committee of the Whole House on the State of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. WELCH: Committee on Public Lands. H. R. 2199. A bill authorizing the Secretary of the Interior to issue a patent in fee to Henry Big Day and other heirs of Catherine Shield Chief, deceased, to certain lands on the Crow Indian Reservation; without amendment (Rept. No. 173). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on the Judiciary was discharged from the consideration of the resolution (H. Res. 99) to define communism, and the same was referred to the Committee on Un-American Activities.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ANDREWS of New York:

H. R. 2636. A bill to amend section 2 of the act prescribing regulations for the Soldiers' Home located at Washington, in the District of Columbia, and for other purposes, approved March 3, 1893 (22 Stat. 564); to the Committee on Armed Services.

By Mr. CLASON:

H. R. 2637. A bill to amend the Social Security Act to provide unemployment benefits for individuals who have been employees of the United States, and for other purposes; to the Committee on Ways and Means.

By Mr. JACKSON of Washington:

H. R. 2638. A bill to regulate the interstate transportation of black bass and other game fish, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. LEA:

H. R. 2639. A bill to authorize the Secretary of the Interior to call a convention of the Indians of California, and for other purposes; to the Committee on Public Lands.

By Mr. STEVENSON:

H. R. 2640. A bill to amend the act of July 6, 1945, relating to the compensation of employees in the field service of the Post Office Department; to the Committee on Post Office and Civil Service.

By Mr. BELL:

H. R. 2641. A bill to amend the Philippine Rehabilitation Act of 1946, as amended; to the Committee on Foreign Affairs.

By Mr. BLATNIK:

H. R. 2642. A bill to safeguard and consolidate certain areas of exceptional public value within the Superior National Forest, State of Minnesota, and for other purposes; to the Committee on Agriculture.

By Mr. LANE:

H. R. 2643. A bill to authorize the incorporation of Catholic War Veterans; to the Committee on the Judiciary.

By Mr. WINSTEAD:

H. R. 2644. A bill to prohibit the Government from furnishing stamped envelopes containing any lithographing, engraving, or printing; to the Committee on Post Office and Civil Service.

By Mr. BARRETT:

H. R. 2645. A bill to provide that appointments of United States commissioners for the Isle Royale, Hawaii, Mammoth Cave, and Olympic National Parks shall be made by the United States district courts without the recommendation and approval of the Secretary of the Interior; to the Committee on Public Lands.

By Mr. HAVENNER:

H. R. 2646. A bill to amend paragraph 1102 (b) of the Tariff Act of 1930 (an act to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, to protect American labor, and for other purposes, of June 17, 1930); to the Committee on Ways and Means.

By Mr. KEARNEY:

H. R. 2647. A bill to recognize the service to the United States of the organized military forces of the Government of the Commonwealth of the Philippines; to the Committee on Veterans' Affairs.

By Mr. KEFAUVER:

H. R. 2648. A bill to amend the Interstate Commerce Act with a view to the establishment and maintenance of a classification of freight and a scale of class rates adjusted so as not to discriminate among regions or territories in the United States; to the Committee on Interstate and Foreign Commerce.

By Mr. ALBERT:

H. R. 2649. A bill to increase the normal tax and surtax exemption from \$500 to \$1,000 and the credit for dependents from \$500 to \$750; to the Committee on Ways and Means.

By Mr. CASE of South Dakota:

H. R. 2650. A bill to provide for the education of children on Federal reservations and other federally owned property not subject to State or local taxation, and for other purposes; to the Committee on Education and Labor.

By Mr. COLE of Missouri:

H. R. 2651. A bill relating to the compensation of certain railway postal clerks; to the Committee on Post Office and Civil Service.

By Mr. COLMER:

H. R. 2652. A bill to provide for the education of children on Federal reservations and other federally owned property not subject to State or local taxation, and for other purposes; to the Committee on Education and Labor.

By Mr. COMBS:

H. R. 2653. A bill to provide for the education of children on Federal reservations and other federally owned property not subject to State or local taxation, and for other purposes; to the Committee on Education and Labor.

By Mr. D'ALESSANDRO:

H. R. 2654. A bill to authorize the Secretary of the Treasury to grant to the mayor and City Council of Baltimore, State of Maryland, a permanent easement for the purpose of installing, maintaining, and servicing a subterranean water main in, on, and across the land of the United States Coast Guard station called Lazaretto Depot, Baltimore, Md.; to the Committee on Merchant Marine and Fisheries.

H. R. 2655. A bill to authorize the Secretary of the Interior to grant to the mayor and City Council of Baltimore, State of Maryland, a permanent easement for the purpose of installing, maintaining, and servicing two subterranean water mains in, on, and across the land of Fort McHenry National Monument

and Historic Shrine, Md.; to the Committee on Public Lands.

By Mr. FALLON:

H. R. 2656. A bill to authorize the Secretary of War to make appropriate allotments for the collection and removal of drift in Baltimore Harbor; to the Committee on Public Works.

By Mr. GWYNNE of Iowa:

H. R. 2657. A bill to protect the public with respect to practitioners before administrative agencies; to the Committee on the Judiciary.

By Mr. HAYS:

H. R. 2658. A bill to designate the Farmers' Home Administration as the sole disposal agency for surplus agricultural property, to provide special priorities for the disposal of surplus agricultural property to former owners and to veterans who intend to live on farms and to engage in farming as their principal occupation, and for other purposes; to the Committee on Expenditures in the Executive Departments.

By Mr. HEBERT:

H. R. 2659. A bill to establish a program for the rehabilitation of alcoholics, promote temperance, and provide for the medical and scientific treatment of persons found to be alcoholics by the courts of the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. HEFFERNAN:

H. R. 2660. A bill to amend the patent statutes; to the Committee on the Judiciary.

By Mr. LANE:

H. R. 2661. A bill to name the Veterans' Administration facility at West Roxbury, Mass., the William P. Connery, Junior, Memorial Veterans' Hospital; to the Committee on Veterans' Affairs.

By Mr. LEA:

H. R. 2662. A bill to confer jurisdiction on the State of California over offenses committed by or against Indians on Indian reservations; to the Committee on Public Lands.

By Mr. MCGARVEY:

H. R. 2663. A bill to authorize the incorporation of the Catholic War Veterans; to the Committee on the Judiciary.

By Mr. MILLER of California:

H. R. 2664. A bill to provide for the settlement of certain claims against the United States arising out of the Port Chicago, Calif., disaster; to the Committee on the Judiciary.

By Mrs. NORTON:

H. R. 2665. A bill to authorize the incorporation of Catholic War Veterans of the United States of America; to the Committee on the Judiciary.

By Mr. PACE:

H. R. 2666. A bill to amend section 22 of the Agricultural Adjustment Act, reenacted by the Agricultural Marketing Agreement Act of 1937, by adding thereto a new section, and for other purposes; to the Committee on Agriculture.

By Mr. PASSMAN:

H. R. 2667. A bill to amend section 3771 (a) of title 26 of the Internal Revenue Code by reducing certain refund interest rates; to the Committee on Ways and Means.

By Mr. PRICE of Illinois:

H. R. 2668. A bill to incorporate the Catholic War Veterans of the United States of America; to the Committee on the Judiciary.

By Mr. REES:

H. R. 2669. A bill to provide for the education of children on Federal reservations and other federally owned property not subject to State or local taxation, and for other purposes; to the Committee on Education and Labor.

By Mr. RIVERS:

H. R. 2670. A bill to amend the Civil Service Retirement Act of May 29, 1930, so as to authorize the refund, at the option of an employee separated from the service after completion of 5 years or more of service, of amounts deducted from his compensation;

to the Committee on Post Office and Civil Service.

By Mrs. ROGERS of Massachusetts (by request):

H. R. 2671. A bill to incorporate the Catholic War Veterans of the United States of America; to the Committee on the Judiciary.

By Mr. SADLAK (by request):

H. R. 2672. A bill to provide for crediting postmasters and employees in the field service of the Post Office Department with sick leave for the periods of their service in the armed forces during World War II; to the Committee on Post Office and Civil Service.

By Mr. HUGH D. SCOTT, JR.:

H. R. 2673. A bill to incorporate the Descendants of the Signers of the Declaration of Independence; to the Committee on the Judiciary.

By Mr. SIKES:

H. R. 2674. A bill to amend the Civil Service Retirement Act of May 29, 1930, as amended, so as to provide for refunds of deductions from the compensation of certain temporary employees separated from the service after completion of five or more years of service; to the Committee on Post Office and Civil Service.

By Mr. WELCH:

H. R. 2675. A bill to amend the Philippine Rehabilitation Act of 1946, as amended; to the Committee on Foreign Affairs.

By Mr. FOOTE:

H. R. 2676. A bill to provide retirement benefits for certain emergency officers of World War I; to the Committee on Armed Services.

By Mr. POTTS:

H. R. 2677. A bill to amend the Canal Zone Code, and for other purposes; to the Committee on Merchant Marine and Fisheries.

H. R. 2678. A bill to amend section 22 (a) of the Internal Revenue Code to exclude pensions, retirement allowances, and annuity payments received because of disability arising solely out of employment; to the Committee on Ways and Means.

By Mr. ROSS:

H. R. 2679. A bill to authorize the incorporation of Catholic War Veterans; to the Committee on the Judiciary.

By Mr. SIKES:

H. R. 2680. A bill to provide that schools constructed under the act entitled "An act to expedite the provision of housing in connection with national defense, and for other purposes," approved October 14, 1940, as amended, may be donated to local public school agencies; to the Committee on Public Works.

By Mr. SNYDER:

H. R. 2681. A bill to amend section 10, Public Law 144, Seventy-eighth Congress, approved July 13, 1943, to provide equivalent benefits for service in World Wars I and II; to the Committee on Veterans' Affairs.

By Mr. STIGLER:

H. R. 2682. A bill to provide for the transfer of title in certain temporary housing from the United States to educational institutions; to the Committee on Public Works.

By Mr. ROHRBOUGH:

H. R. 2683. A bill to authorize the appropriation of funds to assist the States and Territories in financing a minimum foundation education program of public elementary and secondary schools and in reducing the inequalities of educational opportunities through public elementary and secondary schools, for the general welfare, and for other purposes; to the Committee on Education and Labor.

By Mr. EATON:

H. J. Res. 153. Joint resolution providing for relief assistance to the people of countries devastated by war; to the Committee on Foreign Affairs.

By Mr. TABER:

H. J. Res. 154. Joint resolution making an appropriation for expenses incident to the control and eradication of foot-and-mouth

disease and rinderpest; to the Committee on Appropriations.

By Mr. TEAGUE:

H. J. Res. 155. Joint resolution to provide for designation of the Veterans' Administration hospital at Temple, Tex., as the Thirty-sixth Division Memorial Veterans' Hospital; to the Committee on Veterans' Affairs.

By Mr. COLE of New York:

H. J. Res. 156. Joint resolution to authorize the issuance of a special series of stamps commemorative of the one hundred and fiftieth anniversary of the launching of the U. S. S. Constitution; to the Committee on Post Office and Civil Service.

By Mr. BRAMBLETT:

H. J. Res. 157. Joint resolution to quiet the titles of the respective States, and others, to lands beneath tidewaters and lands beneath navigable waters within the boundaries of such States and to prevent further clouding of such titles; to the Committee on the Judiciary.

By Mr. KEFAUVER:

H. Con. Res. 31. Concurrent resolution providing for the printing of the committee print printed for the use of the House Small Business Committee entitled "United States versus Economic Concentration and Monopoly" and authorizing the printing of additional copies thereof; to the Committee on House Administration.

By Mr. ROSS:

H. Con. Res. 32. Concurrent resolution to refer the plight of Archbishop Stepinac to the United Nations; to the Committee on Foreign Affairs.

By Mr. POTTS:

H. Con. Res. 33. Concurrent resolution to refer the plight of Archbishop Stepinac to the United Nations; to the Committee on Foreign Affairs.

By Mr. COLE of New York:

H. Res. 154. Resolution to authorize the payment of 1 year's salary and funeral expenses to the estate of the late Marshall W. Pickering; to the Committee on House Administration.

By Mr. GEARHART:

H. Res. 155. Resolution authorizing the printing of additional copies of Senate Committee Print No. 13, a report of the Senate Special Committee To Study Problems of American Small Business; to the Committee on House Administration.

By Mrs. SMITH of Maine:

H. Res. 156. Resolution to investigate procedures in the retirement of certain commissioned officers for physical disability and their right to retirement pay; to the Committee on Rules.

By Mr. RUSSELL:

H. Res. 157. Resolution to authorize an appropriation for public-school facilities at Owyhee, Nev.; to the Committee on Public Lands.

By Mr. HORAN:

H. Res. 158. Resolution to investigate and expedite the availability of railroad boxcars; to the Committee on Rules.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Indiana, memorializing the President and the Congress of the United States concerning unemployment compensation and employment service; to the Committee on Ways and Means.

Also, memorial of the Legislature of the State of Idaho, memorializing the President and the Congress of the United States to strengthen present sanitary requirements governing the importation of livestock products and to appropriate additional funds to the Bureau of Animal Industry; to the Committee on Agriculture.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BOGGS of Delaware:

H. R. 2684. A bill for the relief of sundry fruit growers of the State of Delaware who sustained losses as the result of the fumigation of apples with methyl bromide in order to comply with the requirements of the United States Department of Agriculture relating to the Japanese-beetle quarantine; to the Committee on the Judiciary.

By Mr. DINGELL:

H. R. 2685. A bill to provide for the issuance of a duplicate adjusted-service certificate to Andrew J. Bissinger; to the Committee on Veterans' Affairs.

By Mr. ELSAESSER:

H. R. 2686. A bill for the relief of the estate of Elwood Grissinger; to the Committee on the Judiciary.

H. R. 2687. A bill for the relief of Luke Mauriello; to the Committee on the Judiciary.

By Mr. GROSS:

H. R. 2688. A bill for the relief of Eva C. Netzley Ridley, William G. Stuff, Lois Stuff, and Harry E. Ridley, and the estates of Clyde C. Netzley and Sarah C. Stuff; to the Committee on the Judiciary.

By Mr. JACKSON of Washington:

H. R. 2689. A bill for the relief of Mrs. Rosalie Helen Hoskins; to the Committee on the Judiciary.

By Mr. KING:

H. R. 2690. A bill for the relief of Alvin G. Patton; to the Committee on the Judiciary.

By Mr. LARCADE:

H. R. 2691. A bill for the relief of Lawrence Fontenot; to the Committee on the Judiciary.

By Mr. MILLER of Maryland:

H. R. 2692. A bill conferring jurisdiction on the Court of Claims to hear, determine, and render judgment on the claims of W. C. Jackson; to the Committee on the Judiciary.

By Mr. NORMAN:

H. R. 2693. A bill for the relief of public utility district No. 1, of Cowlitz County, Wash.; to the Committee on the Judiciary.

By Mr. PHILBIN:

H. R. 2694. A bill for the relief of Joaquin Faustino Justaniano; to the Committee on the Judiciary.

By Mr. RAYFIEL (by request):

H. R. 2695. A bill for the relief of Ciro Gamboni; to the Committee on the Judiciary.

By Mr. HUGH D. SCOTT, JR.:

H. R. 2696. A bill for the relief of Otto Kraus, receiver of the Neafe & Levy Ship & Engine Building Co; to the Committee on the Judiciary.

By Mrs. SMITH of Maine:

H. R. 2697. A bill for the relief of E. W. Eaton Coal Co.; to the Committee on the Judiciary.

By Mr. SMITH of Virginia:

H. R. 2698. A bill to provide for an appeal to the Supreme Court of the United States from the decision of the Court of Claims in a suit instituted by the Mount Vernon, Alexandria & Washington Railway Co.; to the Committee on the Judiciary.

By Mr. SPRINGER:

H. R. 2699. A bill for the relief of Greek aliens; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

223. By Mr. CHIPERFIELD: Petition of residents of Adams County, Ill., in support

of Senate bill 265; to the Committee on Interstate and Foreign Commerce.

224. Also, petition of residents of Knox County, Ill., in support of Senate bill 265; to the Committee on Interstate and Foreign Commerce.

225. Also, petition of Parent-Teacher Association, of Bryant, Ill., in support of continuing appropriations for school lunches; to the Committee on Education and Labor.

226. By Mr. MILLER of California: Petition of the City Council of the City of Antioch, Calif., requesting defeat of any measures which might interfere with the basic democratic rights of the people of this Nation; to the Committee on the Judiciary.

227. By Mr. JOHNSON of Illinois: Petition of Western Veterans Association of the Western Illinois State Teachers College, of Macomb, Ill., requesting that the Congress adopt such legislation as will increase the payments of Public Laws 346 and 16, as presently amended, by \$35 monthly with \$10 additional for each dependent child; to the Committee on Veterans' Affairs.

228. By Mr. NORBLAD: Petition signed by Mrs. Mathilda E. Nelson and 47 other citizens of Marion County, Oreg., urging enactment of the Capper bill, S. 265, to prohibit the transportation in interstate commerce of advertisements of alcoholic beverages; to the Committee on Interstate and Foreign Commerce.

229. Also, petition signed by Mrs. Ralph Timm and 40 other citizens of Yamhill County, Oreg., urging enactment of the Capper bill, S. 265, to prohibit the transportation in interstate commerce of advertisements of alcoholic beverages; to the Committee on Interstate and Foreign Commerce.

230. By Mr. PRICE of Illinois: Petition transmitted by Mr. Robert Buhl in behalf of Local Union No. 3, Progressive Mine Workers of America, at Collinsville, Ill., petitioning Congress to make revision upward in the benefits of social-security annuitants, and for the reduction in the age requirement from 65 to 60; to the Committee on Ways and Means.

231. Also, petition transmitted by Mr. Gus Herpin, recording secretary, in behalf of Local Union No. 43, Progressive Mine Workers of America, at Lenzburg, Ill., petitioning Congress to make revision upward in the benefits of social-security annuitants, and for the reduction in the age requirement from 65 to 60; to the Committee on Ways and Means.

232. Also, petition transmitted by Mr. Roy Wuest in behalf of Local Union No. 48, Progressive Mine Workers of America, at Freeburg, Ill., petitioning Congress to make revision upward in the benefits of social-security annuitants, and for the reduction in the age requirement from 65 to 60; to the Committee on Ways and Means.

233. Also, petition transmitted by Mr. Fred Herzing in behalf of Local Union No. 80, Progressive Mine Workers of America, at Glen Carbon, Ill., petitioning Congress to make revision upward in the benefits of social-security annuitants, and for the reduction in the age requirement from 65 to 60; to the Committee on Ways and Means.

234. By Mrs. SMITH of Maine: Resolution urging a full congressional investigation of the Czechoslovak question, submitted by George J. Chernenak, president, and John Shinay, secretary, Assembly 31, Slovak Catholic Sokol Organization, Madison, Maine; to the Committee on Foreign Affairs.

235. By Mr. TOWE: Petition of St. Francis of Assisi Post No. 664, Catholic War Veterans, Wood-Ridge, N. J., protesting the cruel and inhuman treatment accorded Archbishop Stepinac and asking for a full investigation of the entire situation in Yugoslavia; to the Committee on Foreign Affairs.

236. By Mr. WELCH: California Assembly Joint Resolution No. 1, relative to centralized purchasing for Navy ships service stores; to the Committee on Armed Services.

237. By the SPEAKER: Petition of Miss Estelle M. Dinnis, and others, of Washington, D. C., petitioning consideration of their resolution with reference to opposition to the 1-cent increase in the local gasoline tax; to the Committee on the District of Columbia.

SENATE

FRIDAY, MARCH 21, 1947

(Legislative day of Wednesday, February 19, 1947)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Peter Marshall, D. D., offered the following prayer:

O Lord our God, in the midst of the troubles that surround us, when compromises come home to roost and expediences return to plague us, keep us from adding to the mistakes of the past. Save us from accepting a little of what we know to be wrong in order to get a little of what we imagine to be right. Help us to stand up for the inalienable rights of mankind and the principles of democratic government consistently and with courage, knowing that Thy power and Thy blessing will be upon us only when we are in the right. May we so speak, and vote, and live, as to merit Thy blessing. Through Jesus Christ our Lord. Amen.

THE JOURNAL

On request of Mr. WHITE, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, March 20, 1947, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 1366. An act to facilitate procurement of supplies and services by the War and Navy Departments, and for other purposes; and

H. R. 2413. An act to amend the Federal Reserve Act, and for other purposes.

INTERPARLIAMENTARY UNION — ANNOUNCEMENT OF MEETING OF AMERICAN GROUP

Mr. BARKLEY. Mr. President, may I ask the Senate's indulgence for just a moment to make an announcement. Many Senators are familiar with the fact that the Interparliamentary Union, which is an international organization of members of the various parliaments of the world, has been in existence and has had an honorable record for more than 50 years. They have customarily held an annual conference at some place selected, usually at one of the capitals of the world. There has been no such general conference since 1939, prior to the outbreak of World War II.

As president of the American group of this international conference, I am calling a meeting tomorrow at 10 o'clock in my room here, off the Senate Chamber, at which I should be happy if all Senators interested in the matter could attend. A similar announcement has been made in the House of Representatives by Chairman EATON, of the House Committee on Foreign Affairs, and, inasmuch as the organization has been dormant necessarily on account of the war, it is desirable that all Senators and Representatives who are interested in the organization may attend, if possible, and therefore I am taking advantage of this opportunity to make the announcement while there is a full attendance of the Senate.

MEETING OF COMMITTEE ON LABOR AND PUBLIC WELFARE

Mr. TAFT. Mr. President, I request the permission of the Senate for the Committee on Labor and Public Welfare to sit at 2 o'clock for a brief meeting.

The PRESIDENT pro tempore. Without objection, consent of the Senate is granted.

WORLD HEALTH ORGANIZATION — MESSAGE FROM THE PRESIDENT (H. DOC. NO. 177)

The PRESIDENT pro tempore laid before the Senate a message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Foreign Relations.

(For President's message, see today's proceedings of the House of Representatives on p. 2389.)

TRANSACTION OF ADDITIONAL ROUTINE BUSINESS

By unanimous consent, the following additional routine business was transacted:

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

INTERIM REPORT ON EXPORTATION AND IMPORTATION OF ARMS, AMMUNITION, AND IMPLEMENTS OF WAR

A letter from the Secretary of State, transmitting, pursuant to law, an interim report on the exportation and importation of arms, ammunition, and implements of war under licenses issued by the Secretary of State for the years 1941 to 1945, inclusive (with an accompanying report); to the Committee on Foreign Relations.

TRANSMISSION AND SALE OF ELECTRIC ENERGY GENERATED AT FORT PECK PROJECT, MONTANA

A letter from the Under Secretary of the Interior, transmitting, pursuant to law, financial statements and reports covering the transmission and sale of electric energy generated at the Fort Peck project, Montana, for the first, second, and third fiscal years of operation (with accompanying papers); to the Committee on Public Works.

AUDIT REPORT OF UNITED STATES HOUSING CORPORATION

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on the audit of the United States Housing Corporation for the fiscal year ended June 30, 1945 (with an accompanying report); to the Committee on Expenditures in the Executive Departments.